





## HOME NEWS

## Controversy over Court Line intensifies as Balpa edges away from loan claim

By Malcolm Brown

Business News Staff

As the political argument over the Court Line collapse gathered momentum yesterday, the issue became further confused. The British Air Line Pilots Association (Balpa) apparently threw doubt on its own allegations, made on Sunday, that Mr Clinton Davis, Parliamentary Under-Secretary of State at the Department of Trade, had assured it early in July that passengers booked to travel would be safeguarded by a £4m Government loan.

Captain Geoffrey Tong, who has represented pilots at their meetings with ministers, said last night:

"We had the firm impression that the Government had offered £4m and the balance another £4m. That would have made sure everyone got their holidays and kept us working until Christmas. We may have misunderstood the situation, or people may be playing politics. I now understand all this took place before the Government knew how bad things really were. They may have been misled by Court Line into thinking it was possible to stave off the collapse."

Captain Tong's comments came after a confused day in which Mr Davis had issued a statement that amounted to a complete denial that he had made any such offer. In reply Balpa issued a statement incorporating a letter which it said the minister had written to Mr Brian Sedgemore, Labour MP for Luton, West, who arranged the ministerial-Balpa meetings. It indicated that the question of passengers' security was very much in the minister's mind when he reflected on the meeting.

In his statement, issued by the Department of Trade, Mr Davis said:

"I had a meeting in my room at the House of Commons on July 9 with two MPs, Mr Brian Sedgemore and Mr Ivor Clementson, three members

of Balpa and four members of the Association of Scientific, Technical and Managerial Staffs. I described the action taken by the Government by reading out the Secretary of State for Industry's statement on July 1 to the House of Commons."

That statement refers to the fact that the Government as part of its arrangements to purchase Court Line Shipbuilders from Court Line would allow £4m owed to Court Line Shipbuilders by Court Line to remain with Court Line for a short period and that the National Westminster Bank had agreed to similar arrangements in respect of a further £4m loan to Court Line by them.

These were the only references that I made to a figure of £4m and were in identical terms to those in Mr Davis's statement in the House. I ended the meeting by undertaking to take note of all the points made by the deputations."

As Mr Davis's statement was being issued, Balpa made public a letter which it maintained confirmed the promise of £4m. Mr Gordon Hurley, of Balpa, in issuing the letter, said: "Mr Clinton Davis called our pilots this morning, yet this letter proves that the promised loan really exists."

The text of the letter, addressed to Mr Sedgemore, read:

"Dear Mr Sedgemore, Peter Shore asked me to thank you for your letter of July 16 accompanying the memo on Court Line Aviation from the airline's Balpa members. As I told you when we met, conditions about future conduct of industrial relations are not likely to be given attention in the continuing processes of monitoring the loan."

Our concern is not by any means limited to safeguarding the security of travellers' arrangements this summer; we want to see the residual companies maintaining a viable operation in the longer term."

I am, sincerely,  
Clinton Davis.

The letter was dated July 25.

Other views expressed by those who had been at the crucial meeting did nothing to clarify the situation. The ASTMS described the pilots' claim as entirely and utterly false.

Mr Richard Tassell, one of the ASTMS representatives at the meeting, said it seemed that the pilots "were at a different meeting to Mr Davis, the two MPs and myself."

He said that Court Line Aviation was "guilty of telling the Government they were owed £3.5m when in fact the debt was owed by Clarksons and Horizon and was not worth the paper it was written on."

Further broadsides were fired during the day by politicians of all parties. Mr Peter Walker, chief Opposition spokesman on trade and industry, issued a statement expressing regret at the way Mr Benn, Secretary of State for Industry, and Mr Shore, Secretary of State for Trade, had handled the Court Line affair. He said:

"In my view there are circumstances when for either regional or national interests the Government must intervene. Such intervention demands two qualities. The first is the provision of careful consideration and the second is taking of the best advice available."

The two ministers totally failed to meet either of these two requirements."

Mr Benn, he alleged, had failed to consult the Industrial Development Advisory Board in line with the usual section 7 procedure laid down in the Industry Act. He continued:

"Had they been consulted, being men of commercial skill and not men of political ambition, they would have said that the Government's intervention, for unlike Mr Benn and Mr Shore they would have demanded to know the facts before announcing their decision."

No reasonable person can deny that Mr Benn's statement to the House has resulted in thousands of ordinary people since June 26 paying to Court Line companies money they would otherwise have retained.

Mr Jenkins, Parliamentary Under-Secretary of State for Education and Science, added fuel to the flames last night when he told his constituents in Farnley that Labour would have taken over the entire Court Line group if it had had a sufficient majority.

He said that Labour would be returned handsomely at the next general election and there would be no more Court Line-style crashes.

Judicial inquiry call: Mr Heseltine, a Conservative spokesman on trade and industry, last night called for a judicial inquiry, independent of the Government, into the Court Line affair (the Press Association reports).

Mr Ian Wrigglesworth, Labour and Co-operative MP for Teesside, Thornaby, yesterday called on Mr Heseltine to explain what action he proposed to take to stop people from setting up business with inadequate management and accountancy procedures.

A county court summons seeking the return of holiday money paid to Clarksons is to be issued against Mr Benn by Mr William Swan, a Manchester businessman, who booked a holiday which should have started this week in Antigua.

He maintains that he paid a deposit in March and that after Mr Benn had appeared on television last night, he had booked through Court Line would be protected, he paid the balance of £574.

Leading article and letters page 13.

## Firms offer extra tours to cope with late rush

By Patricia Tisdall

Leading British tour operators yesterday were investigating how to increase their holiday capacity to take clients of Court Line who still wish to go abroad.

All the major companies reported a rush of inquiries and bookings after the announcement on Thursday night of the liquidation of Clarksons and the other Court Line holiday companies. Representatives of the Association of British Travel Agents (ABTA) said yesterday that they had been handling a flood of applications from would-be holidaymakers.

Thomson Holidays, which on Friday launched a late booking scheme offering 2,000 additional "Square Deal" holidays mainly in Spain and Portugal, reported hundreds of inquiries from disappointed Clarksons clients.

The Swiss-owned Cosmos company said that it was working out ways of raising its capacity. Available seats on existing tours were being filled.

An estimated 60,000 to 80,000 beds in Spanish hotels were due to be filled by British tourists to the end of September. Spanish tourist companies are believed to be planning to attract Britons to the hotels, some of which may be prepared to take the lowest possible rates to attract late bookings.

The industry representatives said yesterday that even Court Line clients who had been told there was little chance of their getting their money back were determined to get away, whatever the cost.

While the short-term effects are good for the surviving hotels,

day companies, many are concerned about long-term damage to their relationships with foreign hotel keepers. When Horizon Holidays Ltd was wound up, leaving several hundred thousand pounds of bad debts earlier this year, many overseas hotel companies insisted on payment in advance for future bookings.

Court Line, which took over the goodwill of the company, made such payments. There are fears that the latest collapse and the generally shaky financial position of the British package-tour industry will lead to a tightening up of hotel and other contracts.

Airline busy: British Caledonian, the major independent airline, which is based at Gatwick, yesterday reported an upsurge of bookings from holidaymakers who were to have travelled with Court Line (our Air Correspondent writes).

The airline said that its tour company, Blue Sky, had organized 2,000 additional holidays to Mallorca over the weekend. This week an additional 5,000 holidays would be arranged to Mallorca and other resorts.

Half-price cruises: The Southern Ferries subsidiary of the P & O shipping group yesterday offered half-price holidays to those affected by the Court Line collapse (the Press Association reports).

The sound trips on the passenger-car ship Eagle are from Southampton to Lisbon, and autumn-only sailings to Algiers and Tangier.

Because of dearer fuel, the recent Portuguese coup, and cholera in Portugal, Southern Ferries' passenger figure are well below those originally expected.

## Madrid meeting ends with a dispute over debts

From Harry Debellus

A meeting between a representative of Court Line and British and Spanish officials in Madrid yesterday ended in disagreement about financial arrangements. Spanish tourist industry sources said that the £350,000 mentioned in London as Court Line's approximate debt in Spain was unrealistic.

There was no immediate statement on the meeting from the Spanish Government. The British Embassy said an Association of British Travel Agents (ABTA) representative was expected within 24 hours for further talks.

The Embassy described the meeting as "generally friendly", and said the official British delegation consisted of the Consul General in Madrid and the commercial and information counsellors of the Embassy in Madrid.

Also at the meeting were Mr Gerhard Pauker of Court Line and Señor José Luis Perona, director-general of tourism for the Spanish Ministry of Information and Tourism.

Tourist industry sources said that debts left behind by Court Line were of continuing concern to Spanish business, particularly in the Balearic Islands.

Intourist relents: A group of 101 British and American tourists briefly stranded in the Soviet Union by the Court Line collapse left Moscow for Britain yesterday after Soviet officials withdrew demands that they must pay more for their holidays (Reuters reports).

Earlier a courier for Horizon Tours, a Court Line subsidiary,

said that Intourist, the state tourist organization, had dropped demands for £60 from each member of the tour parties, apparently after discussions in London with ABTA.

Los Jugadores Six Court Line tourists had to leave their luggage in their hotel in Rimini when they flew home last Friday, consular officials in Milan said yesterday (Reuters reports).

British consular officials in Venice, Genoa, Palermo and Sardinia said most of those whose holidays were disrupted last weekend had been flown home. It was hoped that those who still had a week to go would be able to complete their holidays under the ABTA guarantee.

Co-op refund: The Co-operative Wholesale Society and Co-op Travel are to refund in full money paid for holiday holidays. The refunds will cost over £100,000 (the Press Association reports).

They apply only to travel agencies operated by the Co-operative Wholesale Society and Co-op Travel.

Honeymoon surprise: A newly married couple who lost their honeymoon in Mallorca because of the collapse of Court Line are to enjoy a honeymoon in south Devon, given free of charge by an hotel.

Mr Terry Burns, of Embankment Road, Plymouth, and his wife, Susan, both aged 20, were married at Saltash, Cornwall, on Saturday. The honeymoon on Mallorca was to have been a present from Mrs Burns's family, but was cancelled.

Now the couple are enjoying a honeymoon given at the King's Arms Hotel, Kingsbridge.

## 2,000 students among those who have lost money

By Diana Geddes

British hoteliers and about two thousand students in Britain are among those who have lost money because of the collapse of a Court Line subsidiary, the British Student Travel Centre (BSTC).

How many hoteliers are affected is not known, but Mr James Murray, proprietor of the Academy Hotel, in Gower Street, London, said yesterday that he was owed £2,000. He said he has heard of another hotel in the same street which was also owed money by the group.

The BSTC is not a member of the Association of British Travel Agents (ABTA) and no money will therefore be available for students from bonds lodged with ABTA. The National Union of Students

Travel Service said yesterday, however, that it would fly back any students who were abroad. At the moment it is also honouring any BSTC tickets held by students in Britain who arrive at airports for NUS flights out of the country.

Meanwhile ABTA's plans to distribute bonds to its customers of the Court Line subsidiaries who are association members (Clarksons, Horizon, 4S and 4S Sports) have met difficulties.

The head office of 4S and Horizon has been seized on behalf of creditors, including ABTA officials, and Court Line staff from entering. Inside are crucial records showing who are the creditors of those companies, information needed before any payments can be made.

A security guard at the 4S offices in Kingsway said he was guarding the building for the liquidator who was appointed at the time of the collapse of Horizon and 4S before they were taken over by Court Line. Court Line apparently have never paid for the lease of the buildings.

The seizure of the buildings is also making it virtually impossible for the former personnel directors of 4S and Horizon to set up teams to find jobs for those who are still in the travel industry, as Clarksons employees are asked to telephone 01-247 0484. ABTA is circulating its 4,500 travel agency members for information of vacancies.

Advice is also being given on such things as pension rights and pay. All employees are preferred creditors for wages due, holiday and notice payments, for amounts up to £200, but rank as ordinary creditors for any sums over that. All rights are preserved, being part of a fund which is separate from the company.

Employees will also be eligible to claim normal redundancy payments from the Government redundancy fund. The Government then becomes an unsecured creditor of Court Line for the amount paid out.

Jobs offer: Lufthansa, the German airline, said yesterday it was recruiting cabin crew and would be prepared to accept applications from Court Line staff for information of vacancies (the Press Association reports).

## Policeman and US sergeant on plot charge

From Our Correspondent

Bury St Edmunds

A constable in the Suffolk police and a United States Air Force master sergeant in the security police were charged at Middlesbrough Magistrates' Court, Middlesbrough, yesterday with conspiracy to obstruct the course of justice.

Police Constable John James Badlow, aged 54, of Church Lane, Worlington, near Middlesbrough, and Master Sergeant John William Wood, aged 47, of the 48th Security Police Squadron, Lakenheath, USAF base, were charged with conspiring on June 8 to obstruct the course of justice by interfering with a blood specimen taken from

## Housewife found stabbed to death in office

Mrs Ann Long, aged about 25, a housewife, was stabbed to death on the second floor of the offices of Duncan Watson, electrical engineers, in Cricklewood Lane, London, between 130 pm and 145 pm yesterday.

Det Supt Ronald Hardy of Golders Green police station, who is heading the inquiry, said: "There is no suggestion of robbery. We are anxious to trace all her relatives and associates. She lived with her parents at Wembley."

Mr Hardy described the attack as "savage". Two witnesses had seen a man running from the building. Paisley murders: Two women have been found murdered within 24 hours at Paisley, Renfrewshire. The body of one of them, Catherine Ann Galloway, aged 24, was found in a river about four miles outside Paisley. She had face injuries,

and the police are investigating the possibility that she had been sexually assaulted. The body appeared to have been in the water for some time.

The second woman, Mrs Annie Hay Irvine, aged about 60, was found by neighbours stabbed to death in bed in a ground-floor tenement flat in Clarence Street, Paisley. The police described it as "a bestial murder". A knife was found.

Miss Galloway, of Kilvaxter Street, Arden, Glasgow, worked in a Glasgow knitwear factory. The police appealed for people to help to fill in the last 40 hours of her life, from 11 pm on Friday to 3.30 pm on Sunday. When last seen she was wearing a "buckle" ring on her right-hand ring finger, and a black and white check trouser suit.

## Mr Weighell is elected leader of NUR

By Our Labour Staff

Mr Sidney Weighell, aged 52, has been elected as the next general secretary of the National Union of Railwaymen. He will take over in February when Sir Sidney Greene, the present general secretary and chairman of the TUC economic committee, retires.

Mr Weighell, a former Northallerton engine driver, is the union's senior assistant general secretary. He received 85,553 votes, well ahead of Mr Frank Cannon, assistant general secretary, with 34,885.

One of Mr Weighell's first tasks will be to lead the union negotiators in talks on the 1975 railway pay claim. He is a moderate, and a member of the Labour Party national



Police questioning motorists at Mountrath, near Portlaoise, in the Irish Republic yesterday. Country-wide checkpoints have been set up since the mass IRA escape from Portlaoise prison on Sunday.

## Tories attack 'death sentence on ports'

By Our Political Staff

The Conservative attack on the Government's plans for the nationalization of British ports opened last night, two days before port authorities are due to receive a letter from Mr Mulley, Minister for Transport, "pronouncing the death sentence on all private enterprise ports."

Mr Eldon Griffiths, an Opposition spokesman on industry, who apparently has seen a copy of the letter to be distributed tomorrow, said in a statement: "The announcement of this new state grab will do nothing to help and a great deal to hinder both the ports and the shipping industry."

"It is a further blow to confidence which the Conservative Party will oppose as irrelevant, expensive and unnecessary."

Mr Griffiths said that, according to Mr Mulley's letter, all cargo ports on the coast and estuaries were to be nationalized, "and a huge new national ports authority will be responsible for licensing their activities and masterminding their investments."

It will also enforce the dock labour scheme, virtually handing over control to the Transport and General Workers' Union.

The national ports authority would not own the ports. The new monopoly owner would be the state, "though which of its various agencies will actually take command remains to be seen."

## Radiographers to stage more selective strikes

By Alan Hamilton

Labour Staff

Selective strikes by National Health Service radiographers at 30 hospitals are to continue, their union leaders decided yesterday.

The Association of Scientific, Technical and Managerial Staffs, which claims to represent 3,000 of the service's 7,000 X-ray technicians, is seeking a further meeting with Dr Owen, Under-Secretary of State, Department of Health, to press for an interim pay award for radiographers when the Halseybury committee of inquiry into health service pay reports in mid-September.

Last week, at a meeting with union leaders, Dr Owen promised that an interim award would be made, although no amount was specified.

Attempts by the union to tie the Department of Health down to a specific lump sum of £150 were outwitted by the other staff side organizations in the negotiating committee.

Mr Reginald Bird, the union's national officer, said after a meeting of the union executive yesterday that the strike campaign would be intensified unless there was a fast settlement; hospitals in Glasgow, the north-west and Kent would be the main targets.

"We want radiographers' conditions to be determined by their own representatives, and not by a committee of other people on the staff side of the Whitley Council who do not represent radiographers and who are not even members of recognized trade unions," Mr Bird said.

Those other organizations involved in the negotiations are in favour of waiting for Lord Halsbury's recommendations before seeking any specific figure for an interim pay rise.

Mr Bird indicated that his union would be prepared to break up the long-established negotiating machinery and seek direct bargaining with the Department of Health for X-ray staffs unless their demands were met.

The £150 which ASTMS is seeking is only an interim payment, and would mean backdating an award to May. As a final settlement, the union is seeking increases of up to 35 per cent for X-ray grades to give them a basic rate of about £36 a week.

The Department of Health has been unwilling to specify the size of the radiographers' interim settlement, to avoid preempting Lord Halsbury's report.

## Bank union jibs at TUC's price

By Raymond Parman

Labour Staff

The National Union of Bank Employees (NUBE), one of the most outspoken critics of the "social contract", is anxious to rejoin the TUC, Mr Leif Mills, its general secretary, said yesterday.

The union, which has 100,000 members, was one of 20 expelled at last year's Trades Union Congress for refusing to deregister under the Industrial Relations Act. Unlike many of the other unions, it has not so far applied for readmission.

The TUC General Council will tomorrow readmit the Confederation of Health Service Employees and the Brushmakers' Society, bringing to 10 the number of unions allowed back into the fold.

At least three more, the National Graphical Association,

which resigned before it could be expelled, Equity and the National Association of Co-operative Officials, are likely to be readmitted soon. They were saved having to deregister by the repeal of the Act and have agreed to pay affiliation fees back to the time that they left.

No objection has been raised by other unions.

NUBE will then be the only union of any size remaining outside the TUC. Mr Mills said: "It is our policy to be back in the TUC but we have not formally applied to rejoin. I think the price of back affiliation fees, a bit high. We would like to be in the TUC, but it is a question of terms."

Mr Mills and the union's president and vice-president will attend this year's congress at Brighton, as observers. The

## TUC split on workers directors industry

By Paul Routledge

Labour Correspondent

A serious division TUC's ranks over involvement in the industry is disclosed by a final agenda for the Trades Union Congress listed today.

The General and Workers' Union (GCU) has tabled an amendment to steer the Congress movement away from style "supervisory" which would control the industry.

The GCU, with 860,000 members, to reject the imposition of boards, which is pro TUC general council the congress, in favour of flexible approach to negotiate on us but relating the co directly to collective machinery."

The GCU amendment has added two resolutions to the Society of Executive, which any extension of participation in industry "shall be, seen to be, an extension of the TUC's role in no way coming unions' overriding advancing the interests members."

Ironically, the moderate GCUW has with the Congress structural section of Workers, which is ing to reject the worker-directors supervisory boards.

The oddly-assorted alignment suggests congress debate on involvement in decision-making in two weeks' time from a nodding-TUC general council.

In the period general election, an over worker participation parties, particularly the opponents of leadership views, unaccustomed political opponents.

Another strong amendment to agenda from the engineering sector, AUEW seeks to set Post Office engineering on the economy of nationalized and calls on unions to support for Labour ference decisions of public ownership "of our economy".

## Compensation

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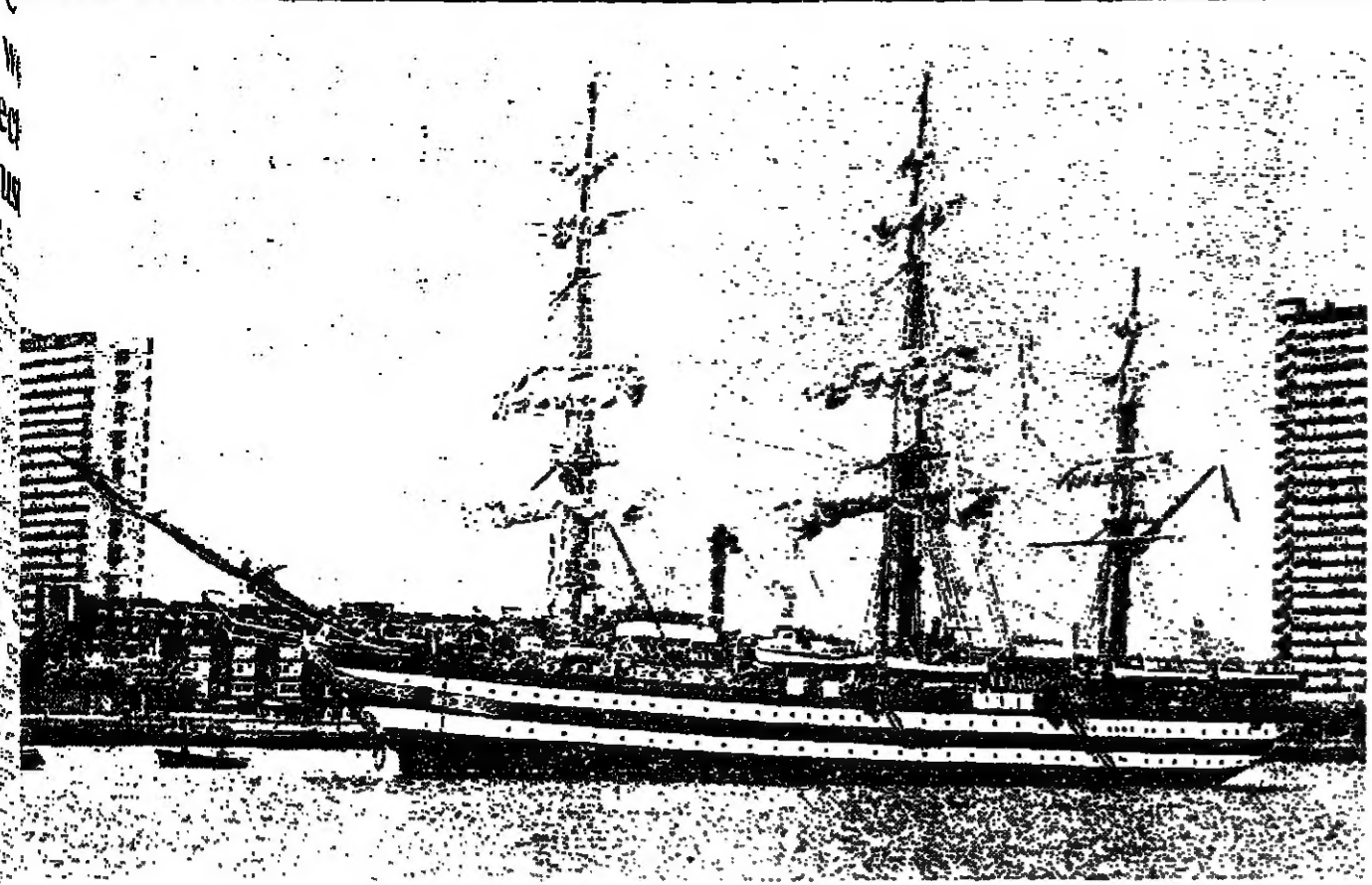
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HOME NEWS



Italian Navy's sail training vessel Amerigo Vespucci, which arrived at Greenwich yesterday on a will call. She will be open to the public tomorrow, Thursday and Friday from 3 to 6 pm.

## Reduced compensation for aircraft takeover

Mr. Reed, in a statement, said that the Government's proposal for a takeover of the aircraft industry would result in a significant reduction in compensation for those involved. He noted that the Government was seeking to achieve a more efficient and cost-effective industry, but this would come at the expense of the high compensation levels currently enjoyed by many in the sector. The statement was made in the context of a broader discussion on industrial restructuring and the role of the state in the economy.

turned into policy by the present minority government. Justifying the need for nationalization, the document said that in the past few years several hundred millions of pounds of public money had been spent on the aircraft industry by way of direct financial assistance, procurement of civil and military aircraft, and research and development contracts. In the past 10 years, BAC had received more than £200m and Rolls-Royce more than £300m. Besides providing the finance, the Government was also the industry's largest customer, with all expenditure on British military aircraft met from public funds. Although the world market for civil aircraft at 1973 values had risen from £700m in 1964 to £1,700m in 1973, the United Kingdom share in those two years was the same at £125m. Three-quarters of the European market was supplied by the United States, and even in the United Kingdom the home industry's share of the civil air-

## US accusation over teacher training cuts

A Devlin Correspondent reports that the National Union of Teachers (NUT) has accused the Government of endangering the quality of education by cutting teacher training. The union claims that the reduction in the number of teachers being trained will lead to a shortage of qualified staff in schools, which could result in a decline in the standard of education. The NUT has called for the Government to reverse its policy and increase funding for teacher training to ensure that the education system remains robust and of high quality.

## Wealth tax study by university team

By our Education Correspondent: A research team at Bath University is studying the possibility of introducing an annual wealth tax in Britain and hopes to publish its report by the end of this year. The £7,000 study has been sponsored by the Institute for Fiscal Studies, but the team has also been given a grant of £6,000 by the Leverhulme Trust. The study is a charitable trust set up four years ago to promote research into public spending and taxation. The university said in a statement yesterday that the Labour Government's commitment to a wealth tax and the possibility of legislation in 1976 created an urgent need for an independent study. The team, under Professor Cedric Sandford, professor of political economy, who has made a special study of capital taxes, will be examining the history and experience of those countries, especially Sweden and Germany, which already have a wealth tax.

## In brief

### Ex-official on Poulson charge

A charge relating to the Poulson affair against Alfred John Merritt, who retired in 1958 after being principal regional officer of the Ministry of Health, was adjourned until today by magistrates at Pontefract, West Yorkshire, yesterday.

### Second man accused of murder

A second man appeared at Bradford City Magistrates' Court yesterday charged with the murder of Mr. James Robershaw, aged 74, a property owner and businessman, who was found dead at his home in Bradford last Thursday. Edward Joseph Duffy, aged 25, of no fixed address, was remanded in custody until Friday. Last Saturday, Stephen Charles Clow, aged 27, a contractor, of Frizburgh Road, Bradford, was remanded in custody until the same day on the same charge.

### Constituencies name their candidates

The following prospective parliamentary candidates have been announced: Mr. Richard Hadley, aged 27, a Conservative, for Lambeth South, held by Mr. Peter Thomas. Conservative, with a majority of 7,013.

### Painting stolen

A security inquiry was ordered at Castle Museum, Nottingham, yesterday after a 300-year-old oil painting, "A Village Scene" by David Teniers, valued at nearly £4,000, was taken on Sunday afternoon.

### Two policemen cleared over pop concert

From Our Correspondent: Two policemen who broke up a crowd of angry pop music enthusiasts during a dance at the Corn Exchange, Cambridge, earlier this year have been cleared by a special inquiry of allegations of violence. Mr. Frederick Drayton Porter, the Chief Constable, said yesterday that no case had been established against the officers, who have not been named. The disciplinary inquiry was held in secret by senior officers from another division. The officers were called in to quell a fight when windows were broken and furniture smashed after The Drifters pop group arrived late.

## WEST EUROPE

## Increase in prices announced in Portugal

From Our Correspondent: Lisbon, Aug. 19. Colonel Vasco Gonçalves, Portugal's Prime Minister, has announced new price increases to the country. Speaking on radio and television he described his Government's economic heritage from the Salazar-Caetano era as a weighty one and said that the former leaders' boasts of economic stability were a myth. "On the eve of April 25, the Portuguese economy was on the brink of chaos," he said. The balance of payments at the end of 1973 showed a deficit of more than 6,000m escudos (£100m), prices were 30 per cent higher than they were in March last year and the African wars were costing the country 45 per cent of its budget. Since the military coup, other difficulties had added to the inherited ones, Colonel Gonçalves said. These included considerable increases in wages, industrial restriction in certain sectors, a fall in emigrant workers' remittances (the country's biggest source of invisible income) and a drop in tourism. He described his Government's economic plan as aiming to stimulate investments and promote industry. It included an 833m escudo (€13.5m) housing scheme for the people. He gave a warning, however, that although the end of the African wars would release important sums of money, the wars were not yet over, nor was decolonization complete. It would be two years before the advantages of the end of the wars could be seen economically. The cost of imported wheat and meat, he said, had doubled in the past two years. That of sugar and oil had tripled and that of petrol quadrupled. The new price increases affect bread, sugar, petrol and fertilizers.

## French woman killed in camp struggle

From Our Correspondent: Madrid, Aug. 19. A young Frenchwoman was fatally shot during a struggle with a policeman at a camping site on Spain's eastern coast, it was reported today. The semi-official Spanish news agency Cifra identified the victim as Mlle Odile Yvette Aimee Dubois, aged 23, of Orléans. She was shot when the policeman, holding a pistol in his right hand, tried to take a knife away from her with his left hand. The incident occurred after a fight among a group of young French people at a camping site near Castellón after the French tourists had been drinking.

## 'Die Welt' aims to become national paper

By Our Foreign Staff: Die Welt, the Hamburg newspaper, plans to become West Germany's leading national newspaper from next summer, when its central editorial offices will be transferred to Bonn. Development will be closely watched by the newspaper's competitors, and might well bring about a structural change in the West German newspaper industry. All the largest West German newspapers, apart from the tabloid, Bild Zeitung, they all have a strong regional base, as did for instance The Guardian before it came to London. For Die Welt, the comparison is hardly valid. Bonn is still a small town on the Rhine, but by printing in more than one centre it has a chance, technically at least, of realizing its ambition.

## French help to boost their own tourist industry

From Richard Wigg: Paris, Aug. 19. French tourism looks like doing well this year. This is paradoxical because, elsewhere in western Europe, as a result of the energy crisis and political instability, the industry is expected to show a considerable decline. Unofficial estimates suggest that France may and the year having seen half a million more tourists than last year. The number of foreign visitors is up by about 100,000, but the biggest gain is among the French themselves. At least 30,000 more have decided to have a holiday in their own country this year. Despite all the talk of economic difficulties that are facing French families, some 26 million men, women and children have gone on holiday—at least 60 per cent of them in August. This is about half the population. The almost complete stoppage in industry and business during August, when 60 per cent of French factories shut for the month, has provoked an outcry in a year in which President Giscard d'Estaing said that French people would have to work a "thirteenth month" to offset the consequences of last autumn's higher Middle East oil prices. But, increasingly, the French tourist industry is being appreciated as an important economic factor. It employs, at the height of the summer season, 1.5 million people with an annual turnover estimated at some 43,000m francs—about 8 per cent of France's gross national product. Last year there was an 870m francs surplus, and that is likely to be exceeded this year. The decline in the number of French tourists going abroad was illustrated dramatically in July when French police reported a 40 per cent drop at the Hendaye post on the Spanish frontier. M. Jean-Pierre Fourcade, the Economics Minister, when told that the tourist industry on the Côte d'Azur was complaining about holidaymakers' "resistance" to present prices, said in no uncertain terms that he himself had seen some very high prices "which must make any tourist think twice". Early this month Le Figaro published the results of a survey comparing consumer prices in various fashionable French seaside, lake and mountain resorts this year with those in August 1972. There were wide variations, including a 42 per cent increase at Annecy, in the French Savoy, and only 4 per cent at Ajaccio, Corsica. On the Riviera, prices have gone up 37 per cent at St. Raphael and 32 per cent at Nice. Deauville, on the Channel coast, comes out well with an increase of only 22 per cent and Chamonix in the French Alps a surprising 11 per cent. Few tourists, French or foreign, will be surprised to learn that Paris was among the worst, at 35 per cent.

## National service changes so complex newspapers have to print long articles to explain them

## Belgium plans professional defence force

From David Cross: Brussels, Aug. 19. But the compromise nature of what is known as the "Vanden Boeynants plan" (named after Mr. Paul Vanden Boeynants, the Belgian Defence Minister who drew it up) has had one setback. It has proved to be so complex that Belgian newspapers have had to print a series of long explanatory articles to clarify initial misunderstanding among the public. Some youngsters, for example, were already celebrating what they thought was an immediate trimming of national service duties. In fact, the present 12-month term for the 40,000 conscripts who are serving at any one time would be reduced in stages to six months' service in 1978. To make this possible without weakening the strength of the armed forces, the Government has calculated that an additional 6,000 professional soldiers will have to be found annually over the next five years. Thereafter an intake of 4,000 professionals a year should suffice to cover wastage and keep troop strengths up to their present level of some 90,000. The Ministry of Defence has produced detailed statistics to show that, with a little luck and an intensified advertising campaign, these recruitment levels are quite feasible. Part of the advertising campaign will be directed towards women, who have been excluded from the armed forces in peacetime. The Government hopes to attract some 5,000 women recruits by 1978 to serve in non-combat posts. To add to the attractiveness of the job in a country where the quality of life is often the exception rather than the rule, women will not have to obtain their husbands' approval before signing up. The scheme will limit military service to one son or daughter in a family in due course. In addition, the period during which most national servicemen can be recalled for military duties will be cut from the present 14 years to seven in 1975. As reorganization goes ahead conscripts now serving in the Aachen area of West Germany will gradually be replaced by professionals serving between two and 11 years. Future conscripts, whose short training period will be limited to learning such basic military skills as "square bashing" and how to handle a rifle, will serve in units as close to their homes as possible. The cost of the whole operation is expected to add about £35m to the present annual defence bill of some £350m. But this increase should be more than offset by the halving of the national service period, the Government calculates. The transfer of some 40,000 young men to the labour force for an extra six months a year should add some £75m to the gross national product. Most military experts see the planned reorganization of the Belgian armed forces as a first inevitable step towards the creating of an all-round fighting force. But whether this ultimate goal will be reached will depend almost exclusively on the Government's success in recruiting more full-time professionals. In a country which has never had much of a military tradition, some analysts are already predicting a recruitment rate well below the Government's optimistic figures.



Mr. Cornelis Berkhouwer, Dutch president of the European Parliament (right), shaking hands with Mr. Karamanlis, the Greek Prime Minister, before beginning talks in Athens yesterday on improving Greek links with the EEC. Mr. George Mavros, the Greek Foreign Minister, is with them.

## Growing pressure on Oslo to extend fishing limits

From Our Correspondent: Oslo, Aug. 19. There is growing pressure on the Norwegian Government for a unilateral extension of the country's fisheries limit. The issue was broached by Mr. Elvind Bolle, the Minister of Fisheries, in a speech marking Fishermen's Day in Trondheim on Saturday. He stated that "the situation after the Caracas (law of the sea) conference cannot prevent us from taking measures on a national basis. Such steps should not create problems for continued Norwegian participation in international cooperation in this field". The phrase "measures on a national basis" has been interpreted as foreshadowing the extension of fisheries jurisdiction by imposing control on waters outside the present 12-mile limit or by extending the limit itself. Mr. Bolle added that the problems Norway was facing now were of such a nature that "we cannot push them aside, but have to consider them very seriously immediately after the Caracas conference". Mr. Johan J. Toft, chairman of the Norwegian Fishermen's Association, also speaking in Trondheim, said that in view of the rapidly dwindling sea resources "we cannot sit with our hands in our lap and wait for the next conference".

## EEC move to protect Europe's grain supply

From Our Own Correspondent: Brussels, Aug. 19. The European Commission has introduced new restrictions on grain exports to safeguard EEC supplies. Export taxes on most cereals have been increased to prevent exporters in Community countries from taking advantage of rising world prices. In the recent days the tax on soft wheat has risen from 40 to 60 units of account (about £30 a tonne); on barley from 15 to 35 units; on oats from 5 to 17 units; and on maize from 10 to 27 units. These taxes bridge the gap between the lower Community and the higher world market prices.

## restrictions for Italians

question of restrictions to bail on citizens of the Community was in Marlborough Street Court, London, yesterday when three Italian citizens were granted bail on £2,000 each. The court was dealing with a case involving a 24-year-old man, Malacarne, aged 24, and two others, aged 19 and 20, who were accused of being involved in a series of robberies. The court heard that the three men had been granted bail on the condition that they report to the police and submit their travel documents. The case was heard by Mr. Justice Goffe.

## Maximum fine on two football supporters

Imposing the maximum fine of £100 each on two football supporters, Mr. Vincent Fisher, chairman of York Magistrates, said yesterday: "We have a duty to support the police in their actions to keep law and order in this city." The two men, aged 20 and 21, were charged with causing a breach of the peace after the match between York City and Aston Villa on Saturday. The court heard that the two men had been fined £10 and £20 respectively for their involvement in the disturbance. The case was heard by Mr. Justice Goffe.

## arm graft fails

operation to graft back the arm of Andrew aged 11, of Tremadoc, who was caught with a machine, has failed. The operation was performed at St. James's Hospital, said yesterday. The child had been injured in an accident involving a machine. The hospital staff reported that the grafting procedure did not succeed, and the child will need further treatment. The case was reported in the local press.

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ROYAL NAVY



OVERSEAS

# Airport and oil refinery among Turkish developments planned for autonomous region in Cyprus

Ankara, Aug. 19.—Turkey is going ahead with the economic development of an autonomous Turkish Cypriot federal state in Cyprus with or without fresh negotiations at Geneva, Mr Necmettin Erbakan, the deputy Prime Minister, said in Ankara today.

In an interview with the semi-official Anatolian News Agency he listed the following projects as being under consideration after the Turkish seizure of the northern part of the island:

Improvement of shipbuilding and ship repair facilities in the eastern port of Famagusta;

Building an airport at the northern town of Kyrenia;

Construction, possibly with Libyan help, of an oil refinery;

Creation of free trade zones;

Direct export of Turkish/Cypriot agricultural produce;

Development of tourism.

Of the political situation in Cyprus Mr Erbakan said: "There will be a Turkish federal state and a Greek federal state, and of course there will be co-operation between the two."

Turkey wanted a third round of Geneva talks to confirm this, but noted that Greece had refused, possibly because of internal problems.

"Nevertheless I hope that in a short time the confirmation of the two independent administrations will be achieved and the island will then become the Mediterranean island of peace," Mr Erbakan said.

"If Greece does not want to negotiate, we will, as we have already said, put into effect the existing situation."

The deputy Prime Minister said the Government planned to develop the economic potential of the Turkish Cypriot population. "Until now the Turkish Cypriots had no possibility of improving their economy. They did not have an outlet."

Observers noted that the lack of a Turkish Cypriot seaport had been one of the community's longstanding grievances. Since the Turkish military intervention they now have two — Famagusta and Kyrenia.

# Murder and wave of anti-Americanism shock the Greek Prime Minister

From Our Correspondent Athens, Aug. 19

Mr Karamanlis, the Greek Prime Minister, said today that his Government would confront any acts of violence or anarchy with "merciless severity". He expressed shock and indignation over the killing of the American Ambassador in Nicosia and called it "a heinous crime without justification".

The Greek leader was evidently shaken by the tragedy as well as by the wave of anti-Americanism which is sweeping Greece. Officials assert that agents provocateurs are exploiting these feelings to undermine confidence in the present Government.

Mr Karamanlis said: "This grievous event forces me to warn, once and for all, the Greeks within and without Greece, that acts of violence and anarchy, whatever their motives, are to be condemned. They never serve the national cause. On the contrary, they undermine the Government's efforts to handle the issue in a responsible manner. The Government is determined and compelled to confront such manifestations with merciless severity."

The intensity with which the Greeks have expressed their anger towards the United States, which is blamed here for failing to prevent the Turkish invasion of Cyprus, is now causing great concern to officials.

Two more cars owned by American servicemen were set on fire in the suburb of Glyfada, near the airport, last night, and other American vehicles were stoned. The American Embassy in Athens is heavily guarded by the Greek police.

There have been anti-American demonstrations in several Greek cities. Last night the Athens police charged with batons, and later used water cannon to disperse a crowd of three to four thousand youths who tried to march towards the American Embassy.

Mr Karamanlis said: "The Greeks are committing a grave error in making others pay for their own mistakes," he said. "They are bringing harm to the world as well as to themselves." Turks had always had to face similar acts of terrorism in Cyprus. "One of the main reasons for our peace operation on Cyprus was to put an end to such massacres and acts of terrorism."

Mr Karamanlis, the Foreign Minister, said: "If there is no peace and calm on the island, Turkey is not to blame. It is those who shoot 40 bullets into the body of an infant, those who have assassinated the American Ambassador who are to blame." The first incident Mr Karamanlis was referring to was the death of a three-

# Britain tests climate for resuming Geneva talks

By Our Diplomatic Staff

Britain has begun the delicate task of trying to reconvene the Geneva conference, but does not expect it to resume before next week at the earliest.

Although the Turks are urging a quick resumption, Britain believes it is not easy to go back straight away and is anxious to avoid a repetition of the in-favourable positions of the last talks. The Government wants to make sure that in any future talks all parties, including the Turks, are ready to negotiate the basic issues.

Mr Callaghan is now starting preliminary consultations. Yesterday he sent a message to Mr Clerides, the acting President of Cyprus, to find out what his attitude would be in the next few days, when Britain will consult the Greek and Turkish Governments to see whether a proper basis exists for a productive resumption of peace talks.

Mr Denktash, the Turkish Cypriot leader, will not be brought into these preliminary talks, Britain assumes that he will follow the lead of the Turkish Government.

The Foreign and Commonwealth Office has already let it be known that Britain is working in concert with the Americans, and emphasized yesterday that this fresh round of consultations had the active support of the State Department.

# France developing strong friendship with Athens

From Richard Wigg Paris, Aug. 19

The rapidly worsening relations between Athens and Washington only strengthens the French government's belief it has acted shrewdly in coming out clearly on Greece's side in the Cyprus war.

At the beginning of the conflict France tended to play a role largely of seconding the British Government in the Geneva talks in its capacity as Chairman of the Brussels Council of Ministers. But since the second Turkish onslaught Paris has been signposting its sympathies for all to see.

After pushing alone in the United Nations Security Council a text condemning Turkey by name, officials have been indicating that France intends to speak at the active support of the State Department.

aircraft and tanks, to the beleaguered Government of Mr Karamanlis.

Once again, President Giscard d'Estaing's decisive personal hand in directing French diplomacy is to be seen — a hand very different from the cautious balance preferred by Mr Pompidou.

The French press is echoing this choice favourably through its reporting. Cardinal Marty, the Archbishop of Paris, has already urged a generous French response to appeals from Cyprus for aid of the stricken Greek Cypriot community.

Paris, where the Greek Prime Minister spent his year of exile, believes that the European Community has a great interest in seeing the present Greek democratic experiment succeed. The new Greek government, in turn, has already given many signs to Paris it wishes to draw closer to Western Europe, not only to fill the void left now by the United States but also perhaps to become a tenth member of the EEC in the longer term.

France is also actively concerned with its defence role as a Mediterranean power. The country obviously understands the Greek government's withdrawal from the Nato military alliance, copied faithfully by the Gaullist-minded Mr Karamanlis. But it judges that any forging of close defence links with Greece will also counteract a heightening of Russian influence in the eastern Mediterranean in the West's interest.

Outside Nato, the two countries could obviously develop

# Mr Tanaka attends Park funeral

Seoul, Aug. 19.—South Koreans lined the streets of Seoul in thousands today to pay their last respects to Mrs Park Chung Hee, the President's wife, who was killed in an assassination attempt on her husband last Friday.

President Park himself did not attend the funeral service. Following Korean custom, he remained in the presidential mansion as the coffin was borne to the Capitol compound where the ceremony took place.

But the couple's children—two daughters and a son—were among the 3,000 official mourners, who also included Mr Kim Jong Pil, the Prime Minister, other government leaders and foreign diplomatic representatives.

A prominent foreign visitor was Mr Tanaka, the Japanese Prime Minister, who flew in to Seoul earlier and held a 10-minute talk with President Park before leaving for home.

Observers believe Mr Tanaka's decision to attend the funeral and call on President

# Hitch over plans for new junta in Mozambique

Lisbon, Aug. 19.—A ceremony to swear in Major Ernesto Melo Antunes as president of a new governing junta in Mozambique was indefinitely postponed at the last minute in Lisbon today.

A Government communiqué said that the major would not take up his post until further notice.

At the Presidential Palace, where the ceremony was due to take place soon after midday, a spokesman said he could give no reason for the postponement.

Major Melo Antunes was sworn in by President Spínola.

The delay roused speculation that a hitch had occurred in arrangements made during talks in Dar es Salaam last week between Dr Mario Soares, the Portuguese Foreign Minister, and leaders of the Mozambique Liberation Front (Frelimo).

The appointment of Major Melo Antunes was announced in

# N Vietnamese frogmen destroy bridge

Saigon, Aug. 19.—North Vietnamese frogmen destroyed a bridge with high explosives today, isolating a command headquarters 335 miles north-east of Saigon.

According to military sources, the communists floated a raft loaded with explosives under the Ong Be bridge, the only road link between the city of Tam Ky and the headquarters of the Third Division at Chu Lai.

In the fighting near Saigon, South Vietnamese forces tried to dislodge communist troops which infiltrated four hamlets 50 miles north-west of the capital.

A Saigon military command communiqué said battlefield casualties across the country in the 24 hours ended at dawn today exceeded 800 killed and wounded. Of the dead, 355 were communists and 104 South Vietnamese soldiers.

The command said communist troops attacked almost every important Government position in the Central Highlands and near Da Nang, 370 miles north of Saigon.

Vietcong gunners poured more than 1,300 rounds of mortar and rocket fire into a military camp at Plei Me, 203 miles north of the capital. The shelling lasted more than 24 hours, but resulted in only one Government fatality.

Government forces yesterday fought back a communist attack on the camp, supported by air strikes and heavy artillery fire, a command spokesman said.

# Ford plea for mercy towards deserters

From Our Own Correspondent Washington, Aug. 19

President Ford made a striking call for mercy today for the 50,000 Americans who deserted the armed forces or refused to serve because of the Vietnam war.

He said that his task as President was to bind up the nation's wounds. Facing a convention of the Veterans of Foreign Wars (VFW), he admitted in effect that he had been wrong in the past to oppose amnesty unconditionally.

He could not have found a less sympathetic audience to make the announcement, and the demonstration of his courage and determination to seek a new course are all the more noteworthy.

The VFW, like all such organizations, are militantly patriotic and have vociferously opposed all proposals for amnesty in the past. Until today, President Ford always concurred.

He said today, however, that "unconditional blanket amnesty for everyone who illegally evaded military service is wrong," and was loudly cheered.

But then he said that he asked a power higher than the people, "who represents not only justice but mercy," how he could bind up the nation's wounds. He would do so, he said, within the system of justice.

The President said that his last official duty as Vice-President had been to present the insignia of the Congressional Medal of Honour to the widows and children of 14 men who fell in Vietnam. He said that he



Mr Clerides, the acting President of Cyprus (right, wearing gas mask on his head) watches as Mr Davies's body is carried out of the American embassy.

# Nicosia mob yell 'US murderers'

Continued from page 1

"Nato murderers destroy Cyprus." When an American ran to a Greek Cypriot Red Cross nurse near by to ask for medical assistance, she replied: "They must die. They must die."

The ambassador is understood to have been fatally wounded when he was hit in the chest by a machinegun bullet that tore through his shuttered window. His shirt drenched in blood from the gaping wound, he was carried downstairs by embassy staff.

Three Greek Cypriot ambulances arrived on the scene to evacuate the wounded but the demonstrators prevented them from reaching the embassy.

"They have killed our boys," they shouted. "They are murderers. They are murderers, all of them." Some of the demonstrators sat in front of the ambulances to prevent them from moving.

President Clerides ran into the besieged embassy just as Mr Davies's body was being carried out of the front door. He joined the stretcher bearers as they rushed to a waiting Land-Rover. The President tore off his gas mask and said: "This is terrible." As the Land-Rover sped from the embassy compound the President rode on the back bumper.

The attack on the embassy came as Mr Clerides was holding a press conference less than a mile away. Moments before he cut it short, he was discussing the growing anti-American sentiment in Cyprus as a result of the Turkish invasion.

Mr Clerides had said he thought the Americans could have done more to prevent the invasion. But their attitude had changed in recent days and they were now exerting "great pressure" on the Turks to halt their occupation.

Clearly the reproachful American message to the Turks was the one hopeful turn in the crisis for the Greek Cypriots. Today's events will almost certainly set back peace efforts.

Mr Clerides condemned the killing of Mr Davies in a special broadcast over Cyprus radio. "An abominable crime was committed a short while ago in Nicosia," he said. "It is with great shock that I announce that during the demonstration outside the United States Embassy was shot dead by demonstrators."

"This crime brings the tragedy of Cyprus to a peak at a moment when there were hopes of a change of world public opinion in our favour. I condemn this abominable crime which goes against the interests of Cyprus and I express my most profound sorrow and sympathy."

The attack on the embassy was the first public manifestation of the growing anger against the United States over the Turkish invasion. Ever since the invasion began newspapers have pointed the accusing finger at Dr Kissinger. An article by the American columnist, Jack Anderson, suggesting

# Watergate trial to go on as impeachment is shelved

From Patrick Brogan Washington, Aug. 19

The judiciary committee of the House of Representatives will present its final report on its inquiry into President Nixon's wrongdoings within the next two days. Congress will take note of the report and then turn to other matters.

In the immediate aftermath of Mr Nixon's resignation, some members of Congress, including Mr Mike Mansfield, the Senate majority leader, suggested that the impeachment procedure should be carried on to a formal vote, despite the disappearance of its focus. This suggestion has now been abandoned by everyone.

As a consequence in Congress and Mr Carl Albert, the Speaker of the House, buried it formally yesterday.

He said that the last act would be the judiciary committee's report. This means, also, that there is no longer any question of Congress voting a Bill of Pardon for the former President.

Mr John Rhodes, the House minority leader, who played a key part in persuading Mr Nixon to resign, said yesterday that it would be "useful" if Mr Nixon admitted his guilt of the Watergate cover-up, and said also that he expected that he would do so, in due course.

Judge Sirica ruled today that the Watergate cover-up trial should begin as planned, on September 9. Several of the six defendants had submitted a motion that it should be delayed because of pre-trial publicity, and the prosecutors had concurred.

"The publicity has already died down," said the judge. "You can pick up the Washington Post and can hardly find a Watergate story." Lawyers for Mr H. R. Haldeman, formerly President Nixon's two senior advisers, said that they would appeal against the ruling.

The most likely scenario that he believes that Mr Nixon will face is the continuation of the former but does require a statement of evidence. The speaker would then publish a detailed account of his case Mr Nixon.

This, in its essence, the procedure followed Agnew's case, although it would be a maximum of \$4,233 fine. Mr Nixon would not contest the prosecutor's statement dated Ford and every would occur in the trial.

Mr Nixon would still testify in the Watergate trial, but in other civil suits as well, but own case settled there is no temptation to prosecute defence lawyers to make settle out of him.

# Ceylon judge unable to ease press curb

From Our Correspondent Colombo, Aug. 19

Mr Justice Percy Colin-Thome, in the Colombo High Court today refused an application by three shareholders of Independent Newspapers of Ceylon Ltd for an interim injunction on Mr Ridgeway Tilakaratne, Permanent Secretary of the Ministry of Broadcasting and Information, restraining him from preventing the publication of the company's newspapers and occupying their registered office and press.

# Dr Waldheim gives warning on birthrate challenge

From Dessa Trevisan Bucharest, Aug. 19

Before an audience of some 3,000 delegates from some 130 countries, journalists and private individuals, many of whom were women representing a variety of feminist movements from the West, Dr Kurt Waldheim, the United Nations Secretary General, today opened the World Population Conference on a note of cautious optimism. He described it, in his words, as a turning point, as he described it, would provide the necessary impetus for action in resolving the world's demographic crisis.

Dr Waldheim spoke of the interdependence of six important issues confronting the world—population, poverty, food, supplies, utilization of energy, military expenditure and the unprecedented rate of population growth.

These, he said, had leapt over national boundaries just as separate nations have become increasingly interconnected through ever-more complex international arrangements.

He spoke of the virtual certainty that the world's population will double over the next generation, turning the next 30 years into the greatest challenge the world ever was confronted with.

Although the emphasis was on the necessity to slow down the rate of population growth, Dr Waldheim conceded that some countries may feel that they lack the human resources needed to carry out their development programmes.

In fact, the host country, Romania, is one such. Having made abortion a criminal offence and encouraged large families for several years, Romania's target now is to increase its population from the present 21 million to 25 million within the next four years, evidently seeing development as coming before population control.

Mr Ceausescu, the Romanian President, addressing the conference, aired his concern in many other subjects—the widening gap between rich and poor, the armaments race, inequality and "interference," neocolonialism and domination, the disadvantageous position of developing nations, problems of the environment and of pollution; but said nothing about rapid rates of population growth.

In other words, redistribution of world wealth rather than birth control was his theme in a speech which again reflected the passionate nationalism which is the basis of his political creed.

# End of Sam Brownes

Pretoria, Aug. 19.—The South African Army is to do away with Sam Brownes' belts, lanyards and swords, but the state President's guard will continue to wear swords.

# Sea conference divided over mineral exploitation

From Marcel Berlins Caracas, Aug. 19

The United Kingdom and seven of her eight European Community partners have made a joint proposal for a system to govern the exploitation of minerals on the seabed.

In a working paper to the Law of the Sea Conference, the EEC countries, with the exception of the Irish Republic, give details of the role to be played by the international seabed authority, which all countries agree should be set up, but about whose functions there has been wide divergence of views.

The European proposal sees the authority as having limited powers. It would be responsible for the award of contracts to companies, or other entities, wanting to engage in mining on the ocean floor. But it would have little discretion in deciding who would win the contracts.

The developing countries have already made clear their opposition to proposals along these lines, fearing that they would open the door to a grab by the multinational and companies backed by the few states technologically capable of deep-sea mining.

The third world countries (known as the group of 77 although there are now more than a hundred states in it) have presented their alternative to the conference, which gives the international authority discretionary powers not only in awarding rights to exploit, but also in participating in exploitation activities itself by entering into joint ventures with companies.

The working paper by the EEC countries states that authority "shall not all the procedural rule have been followed. But the area for which the contracts can be granted 60,000 square kilometers compared to a maximum of 10,000 in the EEC countries. There are all visions stating that the mining company shall have a continuously, and therefore be able to retain an average working life of 30 years, but would be renewable 10 years. Minimum amounts would have to be by the company.

The British argument is putting a system which the seabed authority does not narrowly circumscribe powers, is that companies the necessary know-how be unwilling to take the undertaking costly exploit unless they were sure of they were taking themselves for.

The third world countries their side, fear that too a relatively unregulated sea-mining would mean that minerals as copper and gold which are found in the seabed nodules on the floor, would lose their value and wreck the economies of some poorer countries depend on revenue from minerals.

This argument is rejected by British mineralogists as difficultly understood. The EEC countries' proposals and put forward by the group of 77 are also a United Nations draft proposal, which approach, is similar to British. Once again, issues as on so many other, between the conference split between the highly industrialized and the developing world.

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Please write to her care of Missions Office, Canberra House, or by airmail to Canberra Hospital, Acton, A.C.T. 2601, Australia.

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Council for Scientific  
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Application forms obtainable from the Director of Social Services, Nicholas House, River Front, Enfield (Tel: 01-366 1456 Ext. 11 or 28) to be returned by 8th September, 1974. Please quote ref. SS/859. Informal interviews will be arranged by appointment.

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## TOTAL

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London EC3A 8ET.

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## LOTHIAN REGIONAL COUNCIL

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Applications giving full particulars as to age, qualifications and experience and the names and addresses of two referees should be submitted by Monday 2nd September 1974 to:

Director of Administration, Lothian Regional Council City Chambers, EDINBURGH EH1 1YJ (Tel. 031-225 2424) from whom further particulars may be obtained.

City Chambers  
Edinburgh

A. L. MCGILL  
DIRECTOR OF ADMINISTRATION

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Department  
of  
Administration

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PO.5 (£4611/£5118)

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Applications by letter stating age, education, qualifications, experience and details of past and present appointments, present scale and salary together with the names and addresses of two referees should be sent to The Director of Administration, Manchester District Council, Town Hall, Manchester M60 2LA, to be received not later than 5th September, 1974.

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Those interested should write to A. I. Ferguson, Company Personnel Manager.

ROHM AND HAAS (UK) LIMITED

LENNIS HOUSE, 2 MASON'S AVENUE,  
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TELEPHONE 01-588 5844

## Which?

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We will pay a starting salary upwards of £3,400 per annum (with the usual fringe benefits) and give five weeks' annual holiday.

Further details and application form from: Staff Appointments Officer, Consumers' Association, 14 Buckingham Street, London, WC2N 6DS. Tel: 01-839 1222.

## COMPANY SOLICITOR

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1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 26







New attitudes in Whitehall and the town halls as vital as new sources of revenue

# Councils cannot simply buy their way out of trouble

With the naming of the committee of inquiry into local government finance, it is a good time to look at the importance of independent sources of finance to local government both in the context of the relationship between it and the central Government and the constantly expressed political wish for the achievement of a strong and viable local government system.

Since the Second World War there has been a decline in the range of services provided by local authorities, but the cost of those remaining has risen sharply. This is partly because of the development of those services to meet rising public expectations, notably in education, housing and the social services, and partly because local authorities, being labour intensive organizations, tend to suffer severely from the effects of inflation.

The problem is made all the more acute by the lack of buoyancy in the local source of income—the rate. The yield from some tax sources rises with inflation (income tax is perhaps the best example), but rate income does not.

Because of local government's inability to absorb inflation, some local authorities are discussing whether or not to levy a supplementary rate this year. There is every likelihood that if the present arrangements for financing local government continue, rate levies will rise next year by an average of 30 per cent in addition to this year's already steep increases.

Relief to domestic ratepayers recently announced by the Government does nothing to help local authority cash flow problems; it does not help marginal commercial enterprises and it will do nothing to help local authorities next year. Of course none of this year's additional relief has been granted this year will make the problem of controlling rate levies worse next year.

This discrepancy between the rate paid by the domestic and the non-domestic ratepayer has been widened. The cost of this is about £600m—equivalent to nearly 20 per cent of total general grant aid to local authorities. Unless the domestic ratepayer is to suffer an even higher increase than the average of 30 per cent already mentioned, the cost of domestic rates will rise next year to about £800m, and this clearly reduces the Government's ability to help local authorities generally, as distinct from just domestic ratepayers.

Local authorities obtain their revenue from government grants, rates, rents, and miscellaneous charges. The chances of increasing income significantly

from rents and other charges are very slight. For example, a rise in rents which will now be possible from next year, will only serve to reduce deficits which arise on the housing accounts of local authorities; and in the present social climate, it seems impossible, at least in the short term, to increase income from charges, except marginally.

So there are four main options.

First, to maintain the present proportion of central government grant aid, now at over 63 per cent of rate fund expenditure, with perhaps some small changes in the method of distribution. This would mean significant rate rises next year for many local authorities. Or secondly, to maintain the present proportions of central government grant aid and for local government to cut back severely its expenditure. In order to keep rate increases at say 10 to 15 per cent. This means cutting expenditure on the education and social services and would involve probably the closure of some educational and social service institutions.

Thirdly, for the central Government to increase its grant aid by 10 per cent to 73 per cent to hold rate increases to 15 per cent. Or fourthly, for more functions to be removed from local government.

Or some combination of these options could be worked out. Clearly there is scope for examining ways of increasing the efficiency of local authority spending although some resources must be wasted. It would be complacent to deny these things; but it would be a grave error to assume that local government is so inefficient that major savings in spending could be achieved which would dramatically reduce the call upon public funds and yet maintain services at existing levels.

Equally because the benefits arising from local authority expenditure cannot be measured easily, there is scope for considerable debate about the efficiency and effectiveness of such expenditure. Recent events covering various aspects of local government have generated considerable public discussion. Forecasts of very high rate rises next year indicate that local government is hard up against the day of reckoning. The length of time available to the reformed local government system to prove itself is shortening; and the catalyst is inflation.

It is not a matter of local authorities going bankrupt as some financial commentators have seemed to hint; there is absolutely no question of this. What is at stake is the continuance of local government as

**'It is not a matter of local authorities going bankrupt as some financial commentators seem to hint; there is absolutely no question of this. What is at stake is the continuance of local government as a viable independent institution'**

a viable independent institution.

How far is the central Government prepared to go on supporting the institution of local government financially, and perhaps more importantly how far are local authorities prepared to accept increased central government aid with the apparent increasing control that flows from it.

With inflation rates as the independent local source of income, and no fundamental change in public attitudes towards providing public sector services, then the situation in local government terms can only deteriorate. Hence the importance of the present inquiry.

Parliament increasingly expects a high level of performance from government in developing and administering certain major services. But due to the division of responsibility between central and local government, the central Government does not directly control the administration of most of these major services and responsibility lies with local government.

The central Government therefore finds itself in a dilemma which is further complicated by the pressures generated by a desire to manage the economy of the country more effectively. This dilemma is being solved in three ways. First by removing services from local government and operating them through non-elected central Government agencies whose activities are not normally open to public debate; secondly, by

increasing central Government control over those services which remain with local government, and thirdly (and this has now happened), by reforming the local government structure.

These solutions certainly suggest a fundamental lack of confidence in the institution of local government and in its ability to provide efficient and adequate services. Equally it can only be construed that central Government harbours deep anxieties about the reformed local government system otherwise it would not have pursued the time of the year, the policy of centralizing into non-democratic organizations the health services and possibly also parts of the water industry. This policy of centralization, as was pointed out by the Kilbrandon Commission is the antithesis of what is required for a strong local government system.

The form of central Government control over local authorities has changed over the past few years. There has been a greater willingness to remove detailed controls, but control over broader local government policies has been gradually tightened. Central Government is now more concerned with the wood rather than individual trees. Local discretion still exists in important areas, but it is blunted by local government's inability to finance itself.

Central Government must see this as an important virtue of rating because it effectively prevents local government spending funds in a way which

makes it more difficult for the central Government to control the national economy.

Central Government control, which concentrates on the development of individual services, allied with the circumvention of local discretion makes the exercise of local initiative increasingly difficult. It removes responsibility for action, or lack of action, from local government's shoulders on to those of central Government. It becomes easy, indeed desirable, to blame central Government, and the question that may then be asked is what confidence has local government in its own powers and abilities to provide adequate services? Loss of confidence in any partnership by either partner dangerously weakens the confidence of the other partner. The core of the problem is the question of adequate independent financial resources.

If local government had strong independent sources of finance it would have a greater ability and desire to seek out (and "seek out" must be emphasized) and satisfy those community needs which local government is best suited to provide. Those who genuinely support the need in this country for a vital and relevant local government system ought also to see this as the key factor. There should flow from this a recognition of the need for responsibility in action by local government and an understanding of the problems that such sources of finance would present for central Government.

For these reasons it is extremely important to disentangle these problems. One is associated with the need to find an adequate independent local source of taxation; a second is the need to find a way of recognizing central Government's political responsibilities; and a third, central Government's concern with the management of the national economy. But a disentangling process is complicated by the question of central Government's confidence in local government. Clearly central Government will be less anxious to agree to the provision of resources if it is uncertain about local government's ability to use them wisely, and views on wisdom are dictated to a considerable degree by political considerations.

But in all this there is one argument in local government's favour which does not seem to have been put at all strongly. It concerns the changing nature of the demands of the community upon local government and local government's response to those changing demands. In the past local authorities have been concerned with the provi-

sion of a range of services. Now they are increasingly concerned with the totality of the community's environment, with the growing importance of community services and with the links which are readily shown to exist between social services, housing, education and the physical environment.

These links indicate the fallacy of central Government's service by service approach, which attempts to deny resources to some services while making them available to others. This ignores the relationship which exists between services, it distorts the development of communities and even if it does not actually cause increasing problems, particularly for the social service organizations of local authorities, it does make them more difficult to solve. The Green Paper, *The Future Shape of Local Government Finance*, issued in 1971, even admitted that the conclusion that rates would have to stay as the only independent local source of taxation and that the balance of the funds needed would have to be found from the Exchequer. This conclusion has been shown by events to be inadequate if only because rates cannot support inflation in local government spending at the present rate.

It is easy to argue from a local government standpoint that the central Government at the time took the easy way out and decided to continue the existing arrangements. But local government cannot absolve itself from blame. It must recognize that any alternative puts the central Government into a risk situation which clearly can be dangerous for economic and political reasons.

If local government is to plead the case for new sources of local revenue, it must indicate how it would respond to the resulting responsibilities. It must be prepared to accept some interim form of control during any period of adjustment. New attitudes will be required on both sides and the cardinal error would be to assume that all that is needed is a new form of local taxation for some existing income source.

If that assumption were made then inevitably the arguments for new sources of revenue would founder as they have in the past on the rocks of Parliamentary responsibility and national economic management. Consequently there would be fundamentally little change from the present situation of decline in local government with increasing centralization of functions in non-democratic institutions based at Whitehall.

Noel P. Hepworth

Mr Hepworth is Director of Finance, London Borough of Croydon.

## M Lardinois approaches farmers with CAP in hand

These days M Pierre Lardinois, the European Commissioner for Agriculture, feels more like a European farmer than the custodian of the EEC's common farm policy. Since the spring, he has spent most of his time scurrying between Brussels and other European capitals trying to damp down a series of national measures which, as they have multiplied, have threatened the whole foundations of the Common Agricultural Policy.

First, there were the Italian import curbs, which quickly isolated that country's agricultural market from the rest of the community. No sooner had these restrictions been dismantled than the French announced a series of national subsidies imperilling free competition in the EEC.

In what he describes as yet another "little bit of Kissinger diplomacy", M Lardinois travelled to Paris last month to put pressure on the French to abandon their plans. But to no avail. Since then three other EEC member states—Belgium, Luxembourg and the Netherlands—have followed the example of introducing special national measures to pacify their protesting farmers. Only the Dutch have kept strictly within the Community's rules.

Smouldering away in the background have been the British Government's attempts to "renegotiate" or, as M Lardinois would put it, to "modify" the Community's

agricultural policy along the lines drawn up in the Labour Party manifesto. These proposed changes, too, if implemented in full, would further jeopardize the CAP edifice.

But notwithstanding his evident dislike for new measures to satisfy the particular domestic requirements of the British, M Lardinois, who, unlike many of his colleagues in the Commission, is not prone to excessive optimism, is fairly confident that most of the British demands can be met within the existing framework of the CAP.

In an interview with *The Times*, he argued that the Labour government was now more favourably inclined to the workings of the agricultural policy than a few months ago. "I think that the new government have understood that the CAP—how it works in practice—is much more flexible than they thought it was," he said.

Regarding the CAP, M Lardinois comes up with new ideas more suited to their agricultural circumstances, then it is quite often possible to comply with such demands at a community level," he said. He regards the CAP as a concrete example of the Community's willingness to meet specific British requests.

When the Labour Government came to power, the Community had to make a choice, he says. Either it left Britain outside the Common Agricultural Policy or it tried to show the country's new leadership



that the CAP was not as static and unchangeable as it might have been imagined. "I think we managed to do this quite well," he adds. "The previous Conservative Government realized that the CAP was quite flexible because they worked alongside us during the entry negotiations and during the first year or so of British membership. A new government, particularly when they have been out of office for a long time, have to learn. But I think a man like Mr. Peart, who cannot be called a pro-marketeer at all, now has a much more positive attitude towards the way things work than when I first met him as

the new Minister of Agriculture six months ago."

This new constructive approach by the British has encouraged M. Lardinois to hope that even the more radical "renegotiation" demands he has resolved within the Community.

For example, the far-reaching British request for continued access to the community of Australian sugar on top of the 1.4 million tons which the EEC already imports from the developing commonwealth countries, should not pose an insuperable problem, he feels. "This can be worked out during the EEC's September and October discussions on the whole internal and external sugar markets."

He thinks it unlikely that the Commission will be required to draw up a whole batch of suggested modifications to the agricultural policy incorporating elements of the Labour Government's "renegotiation" demands. He expects most of the points to be met in the normal course of business. "For example, we are at present working on new arrangements to liberalize the community's potato trade. This is a case where the British are making a very rigid marketing system and where we can ask them for freer trade in exchange for more liberal community arrangements for other commodities," he says.

But, like other EEC leaders throughout the Community, Mr Lardinois is reluctant to offer too many concessions to the Labour Government while the domestic political situation in Britain is unsettled. "I think that when there is a stable government, be it Conservative or Labour, we shall be able to see much more clearly what to do. At least we shall know what sort of government we shall have to deal with over the coming five years."

Nevertheless, he is confident that Britain's renegotiation of the CAP can be completed by next spring at the latest, even if the present political uncertainty persists. "I assume that the time will come perhaps even as early as January when the government looks at its list of

demands and says, well, there is still this and that to resolve. Then, perhaps, they'll ask the Council for a special meeting to resolve the remaining outstanding points."

He is pleased that, to date, the Labour Government has been content to seek authorization for special measures like the beef premium from the Community's institutions, like the Council of Ministers. But he thinks there is a real risk that after the recent national measures announced unilaterally by so many founder members of the Community the British may in future be tempted to follow suit.

"It is clear," he says, "that the discipline once had in this respect is not there at the moment. Perhaps it is part of an overall picture that there is now less discipline within the countries themselves. In the individual countries, more and more groups are trying to get something extra out of the economy by every possible means. This trend is not peculiar to one particular country or another, but it is a dangerous road."

It would be ironic indeed, he feels, if France, the champion of the Common Agricultural Policy, were to be instrumental in encouraging a wavering Labour Government to opt out of the Community's point of view, to help sabotage its already delicate fabric.

David Cross

Letter to my constituents

## Treating the symptoms but not the disease

The theme of Rousseau's *Social Contract* was "Man was born free, yet everywhere he is in chains." Now, when there is so much talk in the air of a new social contract, we see man in the western world, having begun to break out of his old chains, political and economic, and of tyranny, war, privation, apparently bent on forging new ones with which to shackle himself. New despots replace the old: strife between the nations is succeeded by strife within the nations; the new prosperity that knowledge makes possible is threatened by man-created inflation and domestic discord; man's new ability to exploit the resources of nature is equalled by his power to misuse and exhaust them. A generation presented by science and technology with greater prospects of freedom from fear and want than ever have been available in man's history, seems bent on casting them away.

We must recognize both the magnitude and the origin of the changes that are shaking our whole society to its foundations, presenting what seem to some dire consequences, and to others great opportunities. The origins are twofold and inter-linked. First, the rapid progress of science and technology; second, the belated but powerful effects of universal education.

The multiplication of the destructive power of weapons has made all out war between the major nations virtually unthinkable. The rapid advance in living standards, coupled with a reduction in the effort needed to achieve them. For the first time prospects of lasting peace and rapid increasing leisure lie before us. Yet the first consequences are disappointing.

Man's aggressive instinct remains, and in the absence of violence between countries, we are seeing a dramatic increase of violence within countries. Whether it be the terrorist, the hijacker, or merely the violent criminal, the modern world argues it is more coincidental that the grave developments of these dangers has come at a time when wars on a major scale appear to be over?

The prospects of growing leisure and easier prosperity have removed the old disciplines of privation and unemployment, and can anyone doubt that from this arises a new danger, a new trend to social and industrial discord? No sane person will wish to see a return to international war, or to the old hard industrial disciplines. But no thoughtful person should fail to recognize that we need, but have not yet found, some thing to take their place.

The wide spread education is also having its effect, both nationally and internationally. The secret of the strength of the so-called ruling classes, be they aristocratic, landed or mercantile, was not the inheritance of wealth but the monopoly of education. So long as the few possessed skills that the many did not, the moral position was maintained their social supremacy. But now we see a new consciousness of power arising among those who can control the essentials of life for whole communities.

As industry has grown more complicated, it has grown more liable to disruption and more dependent on certain national resources. Hence the growth of power, both of trade unions in key positions at home and of international unions of countries who can exercise a monopoly over the supply, for example, of energy. Miners and oil producers alike have now recognized the power they possess and how it can be exercised. While the more thoughtful among them clearly recognize that such power cannot be abused without damage to all, including themselves, this recognition is by no means yet universal.

And at the same time as this consciousness of power has developed, so there has developed a feeling of the right to participate more directly in decisions which affect the individual futures, be it of men and women or of countries. As modern society has grown more vulnerable to the use of force, so the point at which decisions are taken has grown more and more remote, and a desire to

participate in those decisions however ill-defined and thought it may be as present part of the general recognition of the new power.

These are factors affecting all western countries in various degrees. We in the Kingdom face in addition changes which profoundly affect the development of our country and the role of politics within it.

We must never forget rapid has been the change in the status and power of the United Kingdom. In the one generation, we in position where we ruled more than a quarter of the world, have become a poor member of the second order of world powers.

Then we have clearly falling behind our European neighbours, and indeed other countries of the industrial world in efficiency and prosperity. This country was the world in the development of industry, which is the of trade unionism, which still lead the world, is rapidly behind, until people with justification we will soon become the relations of western world. Clearly this arises from a change in the nature of the world, which seems hard to believe in growth of socialist then the politics of envy has a great deal to do with it.

We are also seeing a decline in our tradition of parliamentary democracy. Many people, who are wiser than I, are saying that a system can continue itself is clearly authority. The reason is not all that hard to see.

First, it appears that the Government when it retreats rapidly from what they have said in Opposition. This is not to be wondered at. It is the nature of the system that either party should be pressed by its supporters to be as different as possible from the other, and the power of the party that steadily erode our of manoeuvre, make for each successive parliament to return to the centre of politics this pressing.

The less choice Britain has the greater the international pressures upon us, the necessary it becomes parliamentary debate establish the hegemony party, but to achieve this, the party must result in the national And so, as authority of ment has declined, the of groups outside Parliament has grown, and nowhere more true than in the trial field. But the way the new world order do not of their security with full clarity their of to the common interest have found at their inevitable new means to destroy that it will as yet developed a new function, and create. And all this is tragically enough, the look for a people are in reality of their tragic situation.

All this came to a head in the last general election. An admirable about the authority of the government; it was about the resumption of power by the Labour government, be their cause as it must have just, should have the as coolness democratic authority of the commander ment. This was the issue in Famagusta Mr. Heath rightly put the Turkish Mr. Heath was no where, and to public did not vote for Cyprus irregulars.

The Labour Government solved the immediate Cyprus working week. But it was solely because the matter would be ignored, the authorities for the out-Parliament was abandoned responsibilities. Parliament became a mere moderate Time issue, cannot, to prevail definitely postponed, the Cyprus unless resolution remains, there do something to issue of politics in Parliament to the and in elections alike. In the past week

To be concluded

Reginald May

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## The Times Diary

### British Pearlies in grim canyons

Swinging London has not yet, it seems, lost all its exotic allure. A tiny corner of its tattered remains is to be reincarnated for a day in New York. On September 8, what *The New York Times* calls the "grimly silent and empty canyons of Vanderbilt Avenue" will be turned into Portobello Road from noon until dusk. Despite their intentions to echo there faithfully as many quaint English customs as possible, the Americans are clearly not up to the early morning start regarded as *de rigueur* by the real Portobello Road camp followers.

Edwin Gifford is in London with his wife to promote and prepare for the event. He says the idea is to create a focus for downtown New York so New Yorkers can enjoy their neighbourhoods the way Londoners do. "A motley crew of Britons is to be whisked to New York to participate in this fast focus."

The Mayor of the Royal Borough of Kensington and Chelsea is going to open the market. He needs his mace to do it, so the borough's mace bearer goes too. According to Edwin Gifford there will be "three Pearlies including the Pearl King of London." The "Pearl King's" granddaughter's intended coronation is being held up because they cannot get enough pearl buttons for her coronation dress. The price of pearls has escalated. So there is to be a special pearl button appeal in New York.

Some authentic Portobello Road antiques dealers will be on hand too. The City of New York have given them a special dispensation in order to make them able to deal in pounds sterling. Given the sad state of the pound, this possibly gives them a cunning advantage over the 250 American stall holders who will be there.

Gifford says the news of the market day was a call to colours for all British groups in the United States. The

Daughters of the British Empire crawled into their attics and cellars to look for antiques to sell. The Morris dancers of Massachusetts are strapping on their bells in readiness. "We don't have many Morris dancers," says Mrs Gifford. "But those we have are fanatics."

**Personal**  
The National Film Theatre launches a season of what it calls "avant-garde" films to-day. The season lasts until September 12. Nine of the films have been supplied by an organization of young film buffs, who call themselves Twenty Four Frames. They are not keen on the term "avant-garde." One of them Peter Du Cane, said yesterday that he preferred the terms "experimental" or "personal." He was especially keen on personal.

There is no commercial outlet for these films, he said, but they do get the occasional screening at specialist festivals and on progressive continental television channels. It is easy for a lay diarist to understand why these films do not appeal to a mass market. Judging from a press preview yesterday, the films are so personal as to be secretive. Ordinary people would ask what was

going on. In *Oh Dem Watermelons*, for instance, watermelons are crushed, cut in half, and trodden upon. One becomes involved in an erotic adventure with a young woman.

Another film, *Seashore*, is made up of a series of non-chronological shots of seashore. The shots have been looped so that the film appears to have been stuck in a groove. To quote from the release: "Seashore is made up of found footage, structured in loop form. The film maker has an obvious interest in the surface nature of films: scratches, torn frames, reverse images. A beautiful dance-like movement is created by the visual effects."

The film was received in respectful silence, though towards the end of its 11 minutes someone yawned.

Where are these experiments leading? Already, says Peter Du Cane, people are making films without cameras—by printing patterns straight on to film. Perhaps soon we shall have film shows with no images on the screen. Funnier things have happened to music.

**Homey**  
Norman Kolpas's hamburger quest takes him to the wider shores of Stoke Newington.

The necessity of Friday and Saturday night reservations for a Stoke Newington hamburger restaurant would seem as unlikely as London Transport refusing advance bookings for the Tube. Yet The Beany's seems constantly busy and, small as it is, people wait in the pub across Stoke Newington Church Street, from which they are fed by the amiable American proprietors when a table is ready.

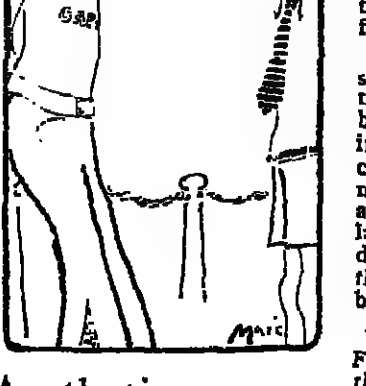
The restaurant is the closest thing to a homey American cookery. Everything appears to have been carefully made by the owners, from the curtains in the windows to the wood-paneled walls with Citizen Kane stills, the booths and seat cushions. They also cook and wait on the tables.

I ordered a cheeseburger (65p), and there not being any milk shakes on the menu, a 12-ounce bottle of Schlitz beer (32p). My burger, on a fresh chewy bun, was made from lean fresh mince, and the melted cheese was a good mild cheddar. The chips, a large serving, were crisply cooked. There was only one relish tray for the six tables, so I had to wait a few minutes for ketchup, mustard, chopped onion, and pickle. No salad came with the burger, and as a side item it was highly priced at 45p.

Hoping to finish the meal in fine American style, I ordered a brownie with ice-cream (44p), expecting it to be gooey with fudge. But The Beany's version, beneath two large scoops of creamy vanilla, was dry, slightly burnt around its edges, and tasted more of mild cocoa than rich fudge. Coffee (15p) served with milk was tasteless and lukewarm. I asked for a fresh brew which arrived the same temperature as the first. The bill, vat inclusive, came to £1.56.

Tomorrow: The Hard Rock Café

see got held up over Cyprus, but you only got stranded by Court Lines



**Aesthetic**  
One might be forgiven for thinking that the package holiday industry could do with a facelift after its recent tribulations. The facelift, however, is what one travel company is offering you as one ingredient of its

holiday package. Or if you don't want a whole holiday might prefer to have your ears or eyelids corrected, your moles, warts and skin removed.

Intercapital Travellers, 80nd Street, organize beauty surgery holidays in a spa in Slovenia. As you half-way through the brochure, you are able to enjoy the amenities of the spa, which includes a tannery, night club and a beauty therapy. It can also be used for you to go to the spa in the true erosion of your holiday.

The total cost, the brochure says, compares favourably with the charges that would be made for the operation in Britain, and of course, come home looking like a man or woman. The spa apparently proved more popular in West Germany than in the developed there, so that some patients are back for second operations.

Further fall on the Financial Index down to 1958 level below 200. The measure of the price index from an unprecise spa in Slovenia. As you half-way through the brochure, you are able to enjoy the amenities of the spa, which includes a tannery, night club and a beauty therapy. It can also be used for you to go to the spa in the true erosion of your holiday. The total cost, the brochure says, compares favourably with the charges that would be made for the operation in Britain, and of course, come home looking like a man or woman. The spa apparently proved more popular in West Germany than in the developed there, so that some patients are back for second operations.





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Creating the symptoms but the disease

## BENN'S ASSURANCES

It is more than likely that interesting questions of concern in the Court Line will become submerged in a bawling between Mr. Benn and the one of their political opponents. The point now at issue of the dispute is on June 26 and subsequent trading with Court Line; whether he was in to make such state-ment whether this now Mr. Benn and the Gov- in some legal or moral on. The position is analogous to that in unsecured creditors of yce considered that they in misled by the previous nent's statements in the before the final collapse, utline of the chronology p to keep the issues in ive. During the spring rly summer discussions a progress between the y and Whitehall because e clearly serious financial n. The Court Line group ed in several areas of where the return on employed is insufficient up it was extremely short. For example, it was to find the £3m from its sources which was the n put by the Conservative ment on a loan of £9m d in November, 1973, for ization of Court Ship- s. During the first half of ar, the already extended s, like many other ies, hit by rising interest d higher oil prices. The proposal in June that vernment should acquire re shipbuilding and ship- interest of the group h was not in the event ing that was forced by Mr r political reasons. It was, eluctantly, agreed by the y as the only way of rais-

## ANGER OF THE GREEKS

Ulling of the American adior in Nicosia yesterday hly condemned by politi- ders everywhere—includ- Clerides, Mr Karamanlis rchbishop Makarios—as ricious crime. Pitiful, s been the killing of so other innocent people in uring the past month and ally the past week. In their mood the Greeks and ypiots hold the United Government at least partly sible for all this blood- and privately many of ill not be too sorry to see representative of the United Government added to the k anger and bitterness ar ment are so strong that act of blind violence ell have been inevitable. hope at least that it will a cathartic function, and e Greek Cypriots will now down and look for a l way out of their tragic ment. Mr Clerides yester- them an admirable e. The three conditions set for the resumption oations seem eminently ble, and it must have ourage as well as coolness o praise the commander ish forces in Famagusta ondemning Turkish s elsewhere) and to e Greek Cypriot irregulars aking a Turkish Cypriot and killing Turkish as of the Cypriot re-

## DER TWO HUNDRED

lay's further fall on the arket sent the Financial 30-share index down to the first time since 1958 has been below 200. The prices that it measures ow fallen by an unprece- 63 per cent from the peak attained half-way through What is even more e, two fifths of that has occurred during 1974 Investors do not need ing that the true erosion alue of their holdings has ven greater, with inflation n from wiping out the bene- dividend income. must obviously hope that rket is no longer the faith- rometer of the economy spite its many imperfec- it has often proved in the

## age drunkenness

frs George Butcher the mother of three teenage view with disgust the re- the increase in drunkenness young people. I am puzzled, r, that among the contribu- s a seemingly obvious one e mentioned. I am thinking glorification of alcohol to he public is nightly subjected television advertising. To be

ing subsequently that in the negotiations it was expressly stated that the group could not give the Government assurances that the money from the ship- building and shiprepairing sales would see it through the rest of the year. Against that they under- standably wished to stress in public their hopes that it would. They would not have thanked Mr Benn at the time if he had him- self stressed their inability to give such positive assurances. In this sad story there have clearly been errors of commer- cial and tactical judgment on the part both of the company and of Whitehall. It seems unlikely, to put it no higher, that the Government has said or done anything which has created for itself a liability under the Com- panies Act for the debts of Court Line; and its "moral obligation" to reimburse intending holiday- makers who may lose their money is far from self-evident. The issues of interest for the future would seem rather to centre on the relationship between Whitehall and a private company in financial difficulty, asking for Government assist- ance. It is an area in which practical and legal precedent is being set in an ad hoc way. It is an area in which, in the present unhappy state of business con- fidence, Court Line is unlikely to be the last case. Since it involves the actions of the executive it would seem to be an obvious case for investigation by a Select Committee of the House of Commons. It may be objected that, with Parliament in recess, and probably about to be dissolved, more urgent action is required. Parliament is how- ever the proper watchdog of the executive in such matters. Important issues of public policy are raised by this affair. It would, therefore, seem better to have the right inquiry in due course, rather than the wrong inquiry at once.

a one for the West to pay for Turkish friendship, whatever its strategic importance (and after all, in the last resort defending Turkey against Soviet attack or penetration must be a Turkish interest even more than a Western one). Mr James Schles- inger appears to have understood that. He rightly said on Sunday that Turkey had "gone beyond what any of its friends or sym- pathisers would have anticipated and are prepared, I think, to accept", and strongly hinted that this could affect American arms supplies to Turkey. It is a pity that no such hint was dropped a week earlier. Dr Kissinger, understandably pre- occupied with domestic affairs, has had the misfortune to be out of step at every stage of this crisis. Mr Callaghan has shown a better understanding of events, but has not been strong enough to influence them on his own. Given strong American support he might, as Mr Gunes suggested in Geneva last week, have been able to agree on a "plan of joint action" with the Turks which "need not have been military" to reverse the coup of July 15 and so forestall the original Turkish intervention. Given strong American support he might also have been able to deter the Turks from renewing their military push last week. Unquestionably the need now is for concerted international pressure on Turkey to ensure that there are no more ceasefire violations, that Greek Cypriot refugees are allowed to return swiftly to their homes, and that negotiations can begin soon in good faith for a settlement in- cluding the withdrawal from Cyprus of all Turkish troops. For such pressure to succeed, strong American support will be essential.

shareholdings no longer provide a defence against inflation. The most serious aspect of the present situation is the real or imagined damage it could do to the insurance companies, banks, pension funds and other institu- tions which rely, directly or in- directly, on a healthy securities market for their own financial viability. At the moment, there are no valid reasons for doubting the ability of the major financial institutions to cope with this decline in the value of their assets. But their task is not being made any easier by the rumour- mongering that has been so prevalent on the Stock Exchange floor recently. The stock market must realize that at least part of its salvation now lies in its own hands.

Surely if the television advertising of cigarettes was considered sufficiently harmful to be banned, an equally strong case should be made for the banning of alcohol advertisements? Yours faithfully, SHEILA BUTCHER, 47 Lower Road, Stoke Mandeville, Aylesbury, Buckinghamshire. August 15.

## The Government and the collapse of Court Line

From the Chairman of the Civil Aviation Authority  
Sir, Mr Peter Martin is a distinguished aviation lawyer, and his letter in your issue of today (August 19) is entitled to a reply both because of this state of the clear aviation Policy Guidance (Cmd 4899) (he erroneously refers to it as para 26), and indeed of S.23 (3) (b) of the Civil Aviation Act 1971 to which he does not refer but which is relevant to Court Line Aviation's Air Transport Licence.

He makes the point, which your correspondent Mr Maurice Corina also makes on p 2 of today's issue, that the Civil Aviation Authority did not invoke its powers to suspend or withdraw licences during the summer months while Court Line was in difficulties. The Authority of course gave careful and continuous attention to the question as to whether it should bring the Court Line crisis to a head and Court Line and its related travel organizers to a halt by taking this course. It did not do so for two reasons.

(1) The Act requires that not only the "resources" of the licence holder but "the financial arrangements made by him" have to be taken into account before a decision to revoke is made. It is now well known that throughout the summer Court Line were in touch with the Departments of Industry and Trade with a view to seeing if financial arrangements could be made which would enable the aviation and holiday activities to be carried on at least until the summer holiday period had been survived. While there was any real prospect that in one way or another arrangements could be made to save hundreds of thousands of holidays the Authority would have acted irresponsibly if it had acted so as to destroy these prospects, and bring about the collapse of the companies at a time when the holiday season was already in full swing.

(2) What practical purpose would have been served? The action which Mr Martin and, less emphatically, Mr Corina think we should have taken would have been a stroke destroyed the efforts which the Government, bankers, and the Authority itself were making to save these holidays, and three thousand jobs. It would have seemed to all those who were trying to save these holidays and jobs like an act of sabotage. And of course the imposition of a ban on further trading would be killing confidence have had a like effect. And if we had so acted in, say, June even more people would have lost holidays for which they had paid.

The Authority is always prepared to use its powers to the full when it is right to do so. Your front page today contains a report of an example of this. But its duty, and its determination, is to help both the public and the industry. The bonding system which is a condition of the CAA's licences is at this very moment bringing home those holiday makers who would otherwise have been stranded abroad and the bonds may at the end of the day provide some compensation for those who did not get their holidays at all. At a time of great difficulty for aviation and travel it is our duty to help and not hinder those seeking to enable these industries to serve the public. To have killed Court Line while there was a reasonable chance of saving it would have served no public purpose.

I am, Sir, your obedient servant,  
BOYD-CARPENTER, Chairman,  
Civil Aviation Authority,  
Aviation House,  
129 Kingsway, WC2  
August 19.

## Turkey's influence in Cyprus

From Major-General R. L. T. Burgess  
Sir, Sir Alec Bishop was held in great respect by everyone who was in Cyprus when he was High Commissioner and one certainly cannot disagree with what he says in his letter of August 16 concerning the treatment of the Turkish Cypriot minority. However, he might perhaps have mentioned that the Turkish Cypriots could have secured far better arrangements for themselves if it had not been for the stubborn obstinacy of their masters in Ankara. In 1963 Archbishop Makarios produced some proposals to amend the unworkable constitution of 1960. These proposals had repeatedly been drafted with the help, unofficially, of the British High Commissioner, under Sir Alec's predecessor. They provided a very reasonable basis for negotiation, but were rejected by Ankara practically before anyone had time to read them, let alone discuss them. Then, as now, the Turks showed that they do not negotiate. They just dictate. Yours faithfully, R. L. T. BURGESS, Formerly GOC Cyprus District, Freemantle, Over Wallop, Hampshire. August 19.

From Mr John Stuart  
Sir, Sir Alec Bishop (August 16), while not wishing to justify Turkish military operations in Cyprus wishes us to recall the long years of perse- cution the Turkish Cypriots have undergone at the hands of the Greek Cypriots. This impression is widespread, but the truth is more complex. In fact it was the Turkish Cypriot community that took the first steps in breaking collaboration between the two communities under the 1960 constitution which though creating

that Messrs Peter Shore and Tony Benn are on top in any profession than politics), how tainted and compromised a Minister may be- come if he steps outside the political arena and dabbles in the harsh world of commerce. The extent to which Mr Benn is compromised by having bolstered public confidence in an ailing company is already a political issue. What of Mr Shore? First there were his performances on television and at a press conference after the Court Line failure had been announced. That a Minister should bluster and bluff a little to get himself off the hook is predictable, but that he should speak in manifest ignorance of the facts and spread despondency is another matter. I am a director of the TOSG (Tour Operators Study Group) Trust Fund which called in the Horizon and Clarksons bond and which is now administering the disposal of £3,326,000 in the interest of clients of those companies. Even while we were meeting to decide best how to lose our jobs—best means and to do it sufficiently economically to have money over for refunds—we had the astonishing experience of switching on TV and seeing Mr Shore suggest that he was organiz- ing a rescue and also expressing the alarming fear that people who had paid and not travelled probably would not get their money back. No doubt Mr Shore then went home to bed. We stayed up all night to do the job. Needless to say, it was Mr Shore who got the misleading and generalizing headlines next morning.

At a press conference last Friday, Mr Shore muttered threats about ensuring that travel firms were sufficiently bonded in future. He must have known that he was presiding over a failure in the case of Court Line which was nobody's responsibility but his own. The fact is that while the Horizon bond may well be sufficient to repatriate and reimburse all clients the Clarksons bond may only repatriate and partially reimburse the holidaymakers. The Government required a strengthened Horizon bond during that company's troubles last January but (with Mr Shore in charge) neglected to do so when Clarksons went sour in June. Worse still, I understand it is likely that due to an administrative error committed under the aegis of Mr Shore there may be no bond in existence for Airfair, the Court charter subsidiary which has clients stranded in America and others who have advanced money for travel.

The question now is: are the surviving travel firms (many of whom, by definition, are struggling to suffer financial pressures from Whitehall to cover up the past failures of Mr Shore? Perhaps the most serious question of last week is whether Mr Shore was informed immediately he re- turned to his desk on Tuesday that Court Line was insolvent and if so, how he could justify any delay in an announcement even if only for 48 hours. It may be justified (marginally) for directors, bankers, suppliers and other creditors to struggle for a limited period to sus- tain a sinking company in the hope of a constructive outcome; but it surely must be given a different name for an elected holder of public office under the Crown.

What, I wonder, are the thoughts of any constituents of Mr Shore who may have advanced money to Court Line during the period of the insolvency of that company? Yours etc, STEVENSON PUGH, Pitt Cottage, Cadeleigh, Devon. August 18.

From Mr R. S. Byerley  
Sir, The people engaged in all branches of the travel industry have an innate resilience to catastrophe and disaster. Strikes, epidemics, wars and revolutions are accepted as occupational hazards and holi- days are re-arranged instantly with minimum disruption and disappoint- ment to the public. I have worked in the retail side of the industry for 18 years and any respectable travel agent is acutely conscious of his responsibility when the annual holiday season is entrusted to him, and the subsequent heartache should something go

From Mr W. S. G. Macmillan  
Sir, It seems that Loch Carron has at last escaped the frying pan of an industrial site at Drumblair, only to risk falling into the fire of another at Kishorn.

Loch Kishorn is a delightful and unspoilt backwater off Outer Loch Carron, with seaward views across to the Red Hills of Skye. Its situation is more magnificent than that of Drumblair, lying as it does at the foot of the spectacular eastern precipices of the Apperloss mountains, here almost 3,000 ft. It is also more remote, with land communica- tions much less good than Drum- blair.

Remarkably little seems to have been heard of this proposal, at least in England, in comparison with the outcry raised over Drumblair. The Scottish Secretary proposes to hold no further public enquiry; let us hope that the wild beauty of Loch Carron may not after all be lost by default, for lack of voices raised in protest.

Yours faithfully, W. S. G. MACMILLAN, Knapton Old Hall, North Walsham, Norfolk.

From Mr S. T. Charles  
Sir, We are all indebted to Sir Harold Evans for his reminder (August 15) that cricket is "a game designed to be played in the open air".

I remark, as the scion of Welsh Hill farmers, that the same point is no less true, the world over, of the graver game of agriculture—a point more often than not overlooked by present day society.

Yours faithfully, S. T. CHARLES, 2 Gerard Road, Harrow, Middlesex.

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seriously wrong. He is, therefore, careful to vet tour operators and avoid those companies who con- sistently give cause for complaint, or whose financial position is suspect. Consequently, when Court Line encountered liquidity problems in June, I instructed our shops to withdraw their brochures. They were subsequently re-instated when the Government announced it was injecting £15 million into the ship- building section and Mr Benn quite clearly stated that this would enable the company to fulfil its summer holiday programme. He emphasized that apart from saving 9,000 jobs he was also protecting thousands of holidays, as if seeking to justify his actions.

The travel industry and the public were still wary but the assurances were accepted, since it was reasonable to assume the Government had conducted a thorough investigation into Court Line's financial situation and was satisfied the problems had been resolved. Two months later in the peak holiday season and without prior warning the company goes into liquidation overnight. Bookings are made and money accepted right up to the time of the announcement, when the company must have known these holidays would never be taken or the money refunded.

Travel agents throughout the country are outraged because they feel they have been used to per- petrate this diabolical confidence trick, and they want adequate compensation for their clients. Yours sincerely, R. S. BYERLEY, Director, Hogg Robinson (Travel) Ltd, Craven House, 119-123 Kingsway, WC2. August 19.

From Colonel R. J. Longfield  
Sir, Whilst not unsympathetic to the plight of Court Line holidaymakers who have lost their holidays and/or their money, the suggestion that the Government (ie, the taxpayer) should reimburse them leaves one speech- less.

Yesterday (August 17) I was talk- ing to a dairy farmer who told me that week by week he is losing money and that something soon happens to help him he will be bankrupt by this time next year. This applies to all livestock farmers generally who see their way of life threatened and their means of liveli- hood disappearing before their eyes. These people are not holidaymakers; they are the hardworking producers of the bare essentials of life—what about a helping hand for them?

My friend said yesterday, "All we are told is that we are to give our employees large threshold agreement rises in pay. I have no threshold rise only an ever increasing overdraft at the bank." Once the Government starts to hand out money to all and sundry there is no end to the mess we can get into, but let us at least try to get some sense to our priorities and not be carried away on an emotional wave of sympathy for luckless holidaymakers. Yours faithfully, R. J. LONGFIELD, Lower Silton, Gillingham, Dorset. August 18.

From Mr H. Sabath  
Sir, I refer to the collapse of the Court Line and am glad to hear that many who have paid for their holidays after the Government had acquired the shipbuilding interests of Court Line and led us to believe that the leisure division of Court Line will now be sound.

I read in today's (August 16) press that the Court Line asserts that at the time "it was expressly stated that the group could not give the Government any assurances that the aviation and leisure divisions could in fact complete their 1974 summer programmes".

If the Government had made this public, I (with many others) would have not effected payment to Horizon and I feel that a responsibility lies on the Government for its omission to warn the public at large. Yours truly, H. SABATH, 41 Mendway, Golders Green, NW11. August 16.

## Drumblair and after

From Mr W. S. G. Macmillan  
Sir, It seems that Loch Carron has at last escaped the frying pan of an industrial site at Drumblair, only to risk falling into the fire of another at Kishorn.

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## Cricket and farming

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Sir, We are all indebted to Sir Harold Evans for his reminder (August 15) that cricket is "a game designed to be played in the open air".

I remark, as the scion of Welsh Hill farmers, that the same point is no less true, the world over, of the graver game of agriculture—a point more often than not overlooked by present day society.

Yours faithfully, S. T. CHARLES, 2 Gerard Road, Harrow, Middlesex.

## Nationalization of shipbuilding

From Sir David Brown  
Sir, The determination of Vosper Thornycroft Ltd to resist Mr Wedg- wood Benn's nationalization propo- sals has already received some notice in your columns. The recently pub- lished White Paper, *The Regenera- tion of British Industry*, seems to imply that the nationalization of the shipbuilding industry is a foregone conclusion. May I, very briefly, state some of the reasons why we feel so strongly about the issues in- volved and why we consider state control of naval shipbuilding would be against the best interest of our country and the country.

Export are Vosper Thornycroft's life blood; without them our volume of production must be drastically re- duced, with damaging results on the level of employment in our ship- yards and indeed on Britain's over- seas earnings. Export orders for naval craft have to be won in the face of intense international compe- tition. Such an environment is totally alien to nationalized industry whose natural element is a captive market.

Warship design and construction, in which this company specializes, is an immensely complex activity, and quite a different business from merchant shipbuilding. Vosper Thornycroft is one of three warship building companies recognized by the Ministry of Defence, but the Ministry requires only 50 per cent of their combined output for the Royal Navy. This leaves 40 per cent of the total warship building capacity of the country looking for export work. Because the other warship builders are in development areas, orders if we formed part of a National Shipbuilding Corporation. There are two principal reasons.

First, we know that many of our overseas customers prefer to have firm commercial contracts, which are clearly enforceable at law, with private companies rather than to try and operate on a government-to-government basis. Secondly, it is vital in securing warship contracts abroad to be able to come to quick decisions (by which I mean within a few hours at most) on major technical or financial matters. Our experience in dealing with government departments indicates that such quick decisions could not be forthcoming from a government body controlling the industry. It is also by no means evident that a temporary political victory would make wiser long- term decisions than an experienced board of directors.

I believe, therefore, that national- ization would bring for Vosper Thornycroft a grave risk of declin- ing orders, both home and overseas. It is no exaggeration to foresee this leading to a withering away of what is now the only major shipbuilding organization on the south coast—an organization which our people have worked so hard to build up and in which I take great pride. It is for these reasons that I believe national- ization would be particularly damag- ing to us. Yours faithfully, DAVID BROWN, Chairman, Vosper Thornycroft Ltd, Paulsgrove, Portsmouth. August 17.

## Degree courses

From Mrs Anne Scott  
Sir, Saturday's letter from a number of industrialists about the degree status of the University College at Buckingham not only defends, but actually commends, the two year degree course.

I am one of the wartime genera- tion of graduates obliged by call-up regulations to compress an honours degree into two years. Many of us would say that only at the very end of the course were we beginning to acquire the capacity to make full use of the academic teaching and material available to us, and young graduates have told me that the third year at university was infinitely the most valuable to them. If the aim of a university course is the development of mature and independent minds then quantity and quality of teaching need to be supplemented by time: time to mature and also, to mix metaphors, to pursue red herrings down blind alleys.

It may be that Buckingham's main aim will be the provision of vocational courses; in that case two years might be long enough, but the Council for National Academic Awards would be absolutely right to refuse to validate its "degrees" on such a basis.

The signatories to the letter give no reason for their joint protest. As a shareholder in the company headed by one of them, I am promp- ted to wonder if I have been an unwit- ting contributor to the financial support of this as yet unproved educational venture. Yours sincerely, ANNE SCOTT, 18 Farmer Street, W8. August 18.

## Tolerance

From Mr W. E. Wright  
Sir, Mr R. M. A. Lawson (August 14) should note that it was not for the majorities that Mr P. Hain and others (August 10) were demanding toleration. Yours etc, W. E. WRIGHT, 9 Nightingale Road, Rickmansworth, Hertfordshire. August 18.

## In the pipeline

From Mr Philip Larkin  
Sir, If oil replaces coal in the national economy, will not the National Union of Mineworkers be replaced by the National Union of Oilworkers? I see no reasons for optimism. Yours faithfully, PHILIP LARKIN, 105 Newland Park, Hull. August 14.



## SOCIAL NEWS

The Queen, the Duke of Edinburgh, Prince Anne and Captain Mark Phillips will attend the premiere of the film *Murder on the Orient Express* at the ABC Cinema, Shaftesbury Avenue, on November 21, in aid of the Variety Club of Great Britain, the National Society for the Prevention of Cruelty to Children and the Society of Film and Television Arts.

The Queen and the Duke of Edinburgh will attend the Royal British Legion Festival of Remembrance at the Albert Hall on November 5.

The Prince of Wales will accept an honorary degree of doctor of law, conferred upon him by Queen Elizabeth the Queen Mother, Chancellor of the University of London, at the Senate House, on November 11.

Princess Anne will attend the International Sheep Dog Trials at Fortaloch, Scotland, on Friday, September 20.

Princess Alice, Duchess of Gloucester, will attend the annual open meeting of the Queen's Nursing Institute, at the Friends Meeting House, Euston Road, on November 27.

The Duke and Duchess of Kent will visit The Queen's Flight at RAF Benson, Oxfordshire, on Tuesday, October 15.

The Duchess of Kent, patron of the Spastics Society, will attend a ball given by the Variety Club and the Spastics Society for Spastics, at the Queen's Hotel, Leeds, on October 5.

The Duchess of Marlborough gave birth to a son on August 19 in Oxford.

## Birthdays today

Sir Maurice Adams, 73; Mr Reginald Bevin, 66; Lieutenant-General Sir John Cowley, 69; Sir Geoffrey Driver, 82; Mr Nigel Fitzmaurice, 67; General Sir Anstie Poth, 67.

## Church news

Latest appointments:

The Rev. F. T. Baker to be chaplain at the Church of the Resurrection, Bucharest, with Sofia and Belgrade.

The Rev. D. H. Palmer to be chaplain at St Nicholas, Ankara. Jurisdiction of N and central.

Europe:

The Rev. J. P. Adams to be chaplain at St Luke's, Devon.

The Rev. D. M. Nye to be assistant chaplain at Holy Trinity, Brussels.

The Rev. B. V. Taylor to be assistant chaplain at St Mary's, Rotterdam.

The Rev. M. J. Pitts to be chaplain at Dunkirk.

## 25 years ago

From The Times of Friday, August 19, 1949.

## Fitch trial again

From Our Special Correspondent: A fitch of bacon was the reward in earlier years for the husband who, by preparing to die before the prior, consented to be married to Little Dismal, daughter of Mr and Mrs Mayrick Owens, Gains House, Green Hammerton, Yorkshire.

Part of a prize pig from New Zealand is to be sold for the award at the Dumfries Fitch trial, which will take place in the autumn after an interval of several years. The presentation of the usual reward has been prevented by restrictions placed on the beginning of the year, and is again made possible by a provision through the Commonwealth Gift Scheme.

The custom will thus survive another interruption of its history. The trial was first concerned with claims by men. Awards to married couples were recorded until the eighteenth century.

## University news

Oxford:

ORIEL COLLEGE: To a lectureship in Philosophy, Dr J. D. Gifford, BA, F.R.S.

London:

ASSOCIATION OF CHURCHES: Professor P. K. Bondy, C.N., to Long Professor of the History of the Church in the Middle Ages, 1974-1975.

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## Forthcoming marriages

Mr R. A. Elliott Lockhart and Miss N. J. Norman. The engagement is announced between Richard, son of Sir Allan and Lady Elliott Lockhart, of Egghorn, Lancashire, and Nicola, eldest daughter of Mr and Mrs R. J. Norman, of 102 Murrayfield Gardens, Edinburgh.

Mr R. J. Hunt and Miss A. M. Stamp. The engagement is announced between Richard Joseph, younger son of Mr and Mrs Reginald C. Hunt, of 161 Brampton Road, Carlisle, and Alison Mary, younger daughter of the Hon Maxwell and Mrs Stamp, of Ebbes House, Combs, Stowmarket, Suffolk.

Dr J. P. Beeson and Miss M. E. C. Evans. The engagement is announced between Jonathan Paul, only son of Mr and Mrs J. N. Beeson, of Kilm House, Farley Hill, Berkshire, and Margaret, daughter of Mr and Mrs J. N. Beeson, of Kilm House, Farley Hill, Berkshire.

Mr J. R. Burden and Miss J. V. Watford. The engagement is announced between John R. Burden, of Blenheim, London, SE3, and Janet, daughter of Mr and Mrs V. B. D. Watford, of Hornchurch, Essex.

Mr J. C. Dimdale and Miss M. E. Evans. The engagement is announced between Jonathan Paul, only son of Mr and Mrs J. N. Beeson, of Kilm House, Farley Hill, Berkshire, and Margaret, daughter of Mr and Mrs J. N. Beeson, of Kilm House, Farley Hill, Berkshire.

Mr A. J. H. Finlay and Miss C. G. Gardner. The engagement is announced between Andrew, younger son of Mr and Mrs A. J. H. Finlay, of Umtali, Rhodesia, and Kate, daughter of Mr and Mrs John Smeaton Gardner, of Coggeshall, Essex, and the late Mr R. E. Gardner, of Weybridge.

Mr M. J. Hyde and Miss D. M. O'Brien. The engagement is announced between Michael John, son of Mr and Mrs M. J. Hyde, of Middlesboro, Middlesex, and Deirdre Mary, daughter of Mr and Mrs M. J. O'Brien, of Northwood, Middlesex.

Mr G. Phipson and Miss J. Parker. The engagement is announced between Rupert, elder son of Mr and Mrs Simon Phipson, of 26, at the church of St Mary the Virgin, Monken Hadley, Barnet, M.25, 30.

Mr I. D. Tait and Miss M. Elliott. The engagement is announced between Ian, son of Mr and Mrs I. D. Tait, of Tynesdale Drive, Blyth, Northumberland, and M. Elliott, daughter of Mr and Mrs M. Elliott, of Pymers Mead, Dulwich, London.

Mr R. H. White and Miss C. J. Owens. The engagement is announced between Rupert, elder son of Mr and Mrs Simon White, of 26, at the church of St Mary the Virgin, Monken Hadley, Barnet, M.25, 30.

Today's engagements: British Library exhibition of modern library manuscripts. British Museum, 10 am-5 pm. Exhibition: Colditz, escape equipment; forged identity cards, maps, hand-made keys; Imperial War Museum, Lambeth Road, 10 am-6 pm.

Exhibition: Shopping in Britain. Design Centre, 28 Haymarket, 9.30 am-5.30 pm. Lectures: Pollution, Lecture Hall, British Museum (Natural History), Cromwell Road, 3 pm.

Reader in Community Medicine: Dr D. Anderson, OBE, Hospital for Tropical Diseases, 10, St. James's Place, London, W.1. Reader in Tropical Diseases: Dr D. Anderson, OBE, Hospital for Tropical Diseases, 10, St. James's Place, London, W.1.

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St Giles's Church, Ickenham, seen from the village pump. Residents are fighting Hillingdon council's plan for three-storey flats near by.

## Battle for village life among the red bricks

By John Young, Planning Reporter. The old village centre of Ickenham, a mile or so north of the A40 on the western fringe of London, is not the sort of place tourists deliberately seek out. Loud with traffic and hemmed in by shops, bungalows and the featureless red brick architecture of the 1930s, it might not even be noticed by the average traveller.

Perhaps it is for that reason that it is cherished by many local residents. With its medieval church, pond, pump, public house and attractive cottages, it is a link with the past, when there was a real village called Ickenham, and a narrow road did not stretch almost unbroken for a dozen miles to Shepherd's Bush.

A short distance to the north-east, Harrow perches proudly, even a little arrogantly, on top of its hill. Even without the famous school, its narrow, winding high street, rich with architectural delights, would guarantee its historic importance. Unlike Ickenham, it has contrived to keep the spread of metropolises at bay.

The link between the humble village "green" and the baughty high street is that both are conservation areas, and each in its own way illustrates some of the difficulties involved in preserving the past.



Mrs Elizabeth Emery, wife of Mr Peter Emery, Conservative MP for Honiton, with their son Clive, who was born on August 9 at Westminster Hospital.

Latest wills. Mrs Eleanor Lunt, of Colwyn Bay, left £21,617 net (duty paid, £1,740). After legacies of £1,000 she left a third of the residue to the Regional Radio Therapy Centre, Clatterbridge Hospital, Bromborough in appreciation of successful treatment for cancer given to her in 1956.

Other estates include: (a) before duty paid; further duty may be payable on some estates; (b) Crawley, Mr Arnold James, of Watford (no duty shown) £78,235.

Day, Mr Arthur, of Friston-on-Sea (duty paid, £18,228) £70,233. Morgan, Mrs Edith Louise, of Wavertree, Liverpool (duty paid, £35,759) £145,289. Fowler, Mr George Henry, of Clacton-on-Sea (duty paid, £8,055) £82,241.

Webster, Professor James Mathewson, of Rubery, near Birmingham, pathologist (duty paid, £21,895) £160,432.

Conservation areas are a product of the 1967 Civic Amenities Act, which empowered local authorities to designate "areas of special architectural or historic interest, the character or appearance of which it is desirable to preserve or enhance". Those powers were strengthened by the Town and Country Planning (Amendment) Act, 1972, which allows local authorities to extend to unlisted buildings within conservation areas the same controls that already applied to listed buildings.

The weakness of the Act, as seen by Ickenham Residents' Association, is that control is left to local authorities. The association is vigorously fighting a plan by Hillingdon Borough Council to build 33 flats and a hostel for old people within the conservation area.

Last month an inquiry was held into the council's proposed compulsory purchase of two former coach-houses, which occupy part of the site of the projected hostel. The outcome is awaited. The council has bought a neighbouring house, The Buildings, from a private developer, to whom it has granted outline development planning permission.

The council says the existing buildings would be retained in any redevelopment, and that the new buildings would not be visible from the road.

The residents' association insists that three-storey flats would be "totally inappropriate in the context". They would also cause the loss of valuable woodlands adjoining the church and, with the hostel, would cause "irreparable damage" to the village centre.

According to Mr D. F. Edwards, the association's assistant secretary, Mr Crossland, Secretary of State for the Environment, has said he cannot call a public inquiry over a "parish pump" matter. Mr Edwards feels that if the council wins its case all conservation areas in the country could be exposed to development.

The council has tried to steer a rather uneasy middle course, with a scheme that discourages traffic from crossing the Hill without bending it. It maintains that although the school, the High Street and its approaches have been designated by the Greater London

Council as of special historic importance, the pressure for redevelopment is strong. Mr John Stanway, who owns Harrow Tuck Shop and was largely responsible for the formation of Harrow Hill Chamber of Commerce, is unhappy at the way things are going. Although he is also a founder member of the trust, he maintains that preservationists tend to ignore the needs of a balanced community, particularly the elderly and the very young.

The trouble with all conservation areas—there are hundreds scattered across the country—is, first, that not everyone agrees what should be conserved and how; secondly, that success or failure depends heavily on the attitudes of local councillors.

A few days ago the central London borough of Kensington and Chelsea declared it intended to make virtually the entire borough a conservation area. Its main motive is apparently to gain greater control over development.

Admirable though the idea may seem the real purpose of conservation areas is to protect small groups of buildings which form an architectural or historic entity. To extend the idea to the whole of one of London's largest and most socially diverse boroughs may be to invite more trouble.

France promised divorce by mutual consent. From Richard Wigg, Paris, Aug 19. The Minister of Justice, who is now trying to modernize France's cumbersome laws, last night promised legislation to permit divorce by mutual consent. A Bill will be tabled in Parliament probably in October.

Presently the 40,000 couples who get divorced each year in France have to supply the courts with a series of grave charges, such as cruelty or infidelity against their partners, and substantiate them. The procedure is lengthy, expensive and hypocritical. Even when both partners wish to separate on a friendly basis because their marriage has broken down, obliging friends have to attest their marital infidelity to the magistrates.

I propose legislation providing for a kind of contract defined by mutual agreement without establishing culpability, Mr Lecanuet said. It would be up to the judges to establish the veracity of the terms of settlement, covering matters such as alimony.

Mme Françoise Giroud, the Secretary of State for Women's Affairs, also agrees that divorce, as a form of punishment, must disappear. But she said that special care must be taken of the position of divorced women who have no professional skills. In some 40 per cent of divorces, husbands get away with paying no alimony, she pointed out. But in cases where professional women had the means and the husbands were left with the children, alimony payments by the women must be enforced, she insisted.

A French public opinion poll, published in the weekly *Elle* last week, showed that Mr Lecanuet has public backing for his reform: 56 per cent of those questioned wanted divorce by mutual consent and 77 per cent condemned the present situation, which is often only a legal farce.

Three Fairbridge scholarships. The Fairbridge Society announced yesterday the award of scholarships to British Columbia University, Vancouver, and Victoria University, British Columbia.

The three recipients are Miss Barbara Coan, aged 18, a former pupil of Fair Oak Comprehensive School, Rugby, Staffordshire; Mr Richard Brimbleby, aged 19, who was at Framlingham College, Suffolk; and Mr Adrian Norfolk, aged 18, who was at Colchester Royal Grammar School.

The awards are for a minimum of three years and in memory of Kingsley Fairbridge, the founder of the society, to give young people a university education in Australia or Canada.

France promised divorce by mutual consent. From Richard Wigg, Paris, Aug 19. The Minister of Justice, who is now trying to modernize France's cumbersome laws, last night promised legislation to permit divorce by mutual consent. A Bill will be tabled in Parliament probably in October.

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Miles takes the lead in chess contest. Manila, Aug 19.—With only two final rounds to play in the World Junior Chess Championship here, Tony Miles of England today broke a point clear of Alexander Kociev of Russia and half a point in front of Roy Dieks of The Netherlands, who settled for a draw.

Both will meet Miles after tomorrow's rest day—Kociev will play him on Wednesday, and Dieks in the final championship round on Friday.

In the other final round matches Peter Winstan of the United States beat Peter Mack of West Germany and Yugoslavia's Slavoljub Marjanovic, his hopes for first place already dashed, beat Raul Henao of Colombia.—Agence France-Press, AP.

The standings in Group A, the championship pool, after the seventh round were: Miles (Britain) 5½ pts; Dieks (Netherlands) 4½; Kociev (Soviet Union) 4½; Marjanovic (Yugoslavia) 4; Winstan (USA) 3½; Mack (West Germany) 2½; Henao (Colombia) 1½; Neto (Brazil) 1½ (game adjourned).—Reuter.

## OBITUARY

## ROBERT BOEHRINGER German writer and scholar

W. Mc. S. writes: Robert Boehringer, poet, writer, scholar, and the most noted surviving figure associated with Stefan George and his "Kreis", who has died at his home in Geneva at the age of 90, was a man of the highest culture and singular intellect.

Born in Stuttgart on July 30, 1884, and by training an economist, he long played a leading role in the *Bale pharmacological industry*; but from 1940 to 1946 he devoted his undivided efforts to the relief work of the International Red Cross, whose "Vereinigtes Hilfswerk" was created by him from scratch at the invitation of the Swiss diplomat C. Burckhardt, and which spread to Occupied Greece and Holland, Southern France and Theresienstadt.

Following Stefan George's death in self-imposed exile in December, 1933—when the Stauffenberg brothers mounted a failed attempt on the poet's burial at Minusio in the Ticino—Boehringer as the poet's heir and executor had made himself responsible for safeguarding his memory against biased interpretation and exploitation in the Third Reich.

His *Mein Bild von Stefan George* (1951, 2nd edition 1967), while undoubtedly bearing witness to an avowed cult—with its abstractions and heresies—provides the fullest and most objective testimony to the great German poet's life and personal relationships, which had comprised Dowson in England and Mallarmé in France.

He published his correspondence with Hofmannsthal (2nd edition 1953) and with Gundolf (1962) ensuring a complete edition of his works; and thanks to the Stefan George Stiftung which he founded in

Professor Alan Dugald McKillop. Professor Robert L. Patten writes: Alan Dugald McKillop, Professor of English Literature at Rice University, died in Houston, Texas, on August 5.

McKillop, whose four grandparents were all born on the Isle of Arran, was himself born in Lynn, Massachusetts, on May 24, 1892. He attended Harvard University, graduating *suaudis* in 1915, and returned for graduate study in English. He received his PhD in 1920, and in September of that year began a 49 year career at what was then the Rice Institute.

He served as Chairman of the Department of English from 1935 to 1957, and as President of the South Central Modern Language Association in 1950-51. He was also a member of the Texas Institute of Letters, and the Texas Kappa. Early in his scholarly life he was awarded a Guggenheim Fellowship to study the life and works of Samuel Richardson in England. McKillop taught as a visiting professor at many universities, including Chicago, Johns Hopkins, Harvard, Indiana and Columbia.

His many writings range in subject from Old English to Jane Austen, and concentrate on the eighteenth century. He is the author of five books: two on James Thomson, one on Samuel Richardson, the survey *English Literature from Dryden to Burns*, and another standard work entitled *The Early Masters of English Fiction*. At his death he had completed the introduction to a forthcoming Augustan Society reprint of Richardson's *The Apprentice's Vade Mecum* (1734), the novel's earliest published edition, on which McKillop discovered and identified.

He was known as a brilliant and witty writer and a scholar's scholar. His memory will live not only in his books but also in the hearts of all those who knew him as teacher and friend. For 60 years the light of his mind illuminated English literature with clarity, precision, and grace.

Sir Ernest Field, CBE, for many years with John Brown & Co. Ltd., died at his home in the Scottish Engineering Employers' Association, 1944-58, has died at the age of 85.

Lieutenant Colonel Leslie George Emms, OBE, a Justice of the Peace for Suffolk, died on Saturday. He was 81.



# London Foreign Exchange Market

a Special Report



Mason Edwards

## Stability prevents monetary collapse

By Westlake

It was the series of publicly disclosed losses—from the Union Bank of Switzerland, the Franklin National Bank in the United States, and the Westdeutsche Landesbank Girozentrale and I.D. Herstatt in West Germany—that finally brought home to foreign exchange dealers and their banks in all the major financial centres exactly how disastrous it could be to "take large positions" in foreign currencies.

The collapse of Herstatt in the early summer, as a result of currency speculation, was particularly upsetting. The level of currency dealing fell sharply. Some dealers estimated the turnover in the weeks after the Herstatt debacle as only a quarter of the level seen during the preceding weeks.

This whole lugubrious episode contrasted bitterly with the profitable years that had gone before.

When the main industrialized countries conformed to the International Monetary Fund rules and maintained their currencies at fixed parities within narrow bands, and the central bank was obliged to purchase its own currency on an almost unlimited scale to support its external value, it was an uncommonly inept speculator who failed to make a profit from an ultimate change in the exchange rate.

The series of exchange rate changes from 1967, particularly the realignment of currency parities in December 1971, enabled speculators to make handsome profits equivalent to many billions of dollars. Naturally, there has been little public acknowledgment of this by the banks and companies concerned, and evidence is therefore scanty.

In an attempt to make life more difficult for the speculator and increase the potential risk of "running a position" in the currency markets, the monetary authorities agreed at the time of the realignment to widen the margin of fluctuation between currencies from 1 per cent either side of parity (giving a total 2 per cent band) to 2½ per cent (4½ per cent band).

But the big change came with the floating of the major currencies in March, 1973, after the second devaluation of the dollar. Although central banks still managed their currencies, in the sense that they tried to contain the more excessive exchange rate movements, and, additionally, a group of European currencies continued to float together in a block, thus maintaining a fixed margin between them, the actual element of risk for the speculator increased substantially.

As first sterling and the lira, and later the French franc withdrew from the European joint float, so this risk grew. No longer was there any certainty that a central bank would defend a given exchange rate; and the speculator no longer had a fixed point to push against. The extent that currencies were then able to fluctuate against each other was exemplified by the change in the dollar relationship with the mark. Between April and July, 1973, the dollar fell over 20 per cent against the mark, only to rise in the following six months by about 26 per cent.

That life is more difficult for speculators and multinational companies already dealing in currencies is unlikely to cause much regret outside those institutions directly involved. But the broader consequences of this changed environment are much greater. For the overseas investor, the exporter, and the currency dealer conducting the regular business of matching buyers and sellers, the new regime posed potentially considerable problems.

The currency markets are not an end in themselves. They are there to serve commerce and investment, and it is the effect of the floating regime on these functions that matters ultimately for the orderly running of the world economy.

The evidence suggests that foreign trade has not greatly suffered. Indeed, it reached record levels in 1973. If it declines this year, that will be the result of the general downturn in economic activity throughout the industrialized world, rather than the failure to stabilize and reform the international monetary system.

There can, however, be no doubt that the chaotic conditions to which the foreign exchanges have been exposed over past months have been a severe test of the skill and competence of the currency dealer and the resilience of the market institutions. When currencies can rise and fall by several hundred points in the space of two telephone calls, losses can be suffered even before a deal is complete. Many people both inside and outside the market believe this to be

an unsatisfactory situation which must shortly be brought to an end. Yet it is difficult not to conclude that—in spite of the difficulties faced in currency dealing rooms—only the inherent flexibility of floating exchange rates has prevented a collapse of the world monetary system. The floating system has absorbed large fluctuations during 1973-74, in the face of great pressures, which would have broken the back of a fixed and rigid system.

This is advocated by most of the advocates of a return to prescribed parities. It is widely accepted that any reformed monetary system would have to be more readily adaptable to changing international circumstances. The solution is seen by many people as "fixed but adjustable"—or "adjustable but fixed"—rates, depending on where they put the emphasis.

But there can be no certainty that even a monetary system recast along these lines could cope with a repetition of the exchange rate surges started by quadrupling of the world oil price. It is for this reason that any hope of an early, thorough reform of the system has been abandoned, and the International Monetary Fund's Committee of 20, under Mr. Jeremy Morse, which for almost two years struggled to find a basis for such world monetary reform, has been wound up.

The problems of world inflation and higher oil prices had made it impossible to negotiate the kind of full reforms envisaged when the committee started its work in September 1972.

The fact that, among the recommendations ultimately made by the committee were the so-called Guidelines for the Management of Floating Rates, indicates clearly that floating exchange rates are officially expected to remain for some time to come.

These guidelines are intended essentially to provide the basis of a dialogue between the International Monetary Fund and its member countries and are termed guidelines rather than rules to indicate their tentative and experimental character. Consisting only of general principles for official intervention in the market, they are aimed at promoting exchange stability, maintaining orderly trading, and avoiding competitive exchange rate alterations.

This at least provides some framework for foreign exchange market operations at the international level, but does little to steer either the humble exporter or the currency dealer through the difficult and seemingly un-navigable shoals of the floating rate system.

In this context, the recent bank losses will serve as an important discipline on those who participate in the market. The greater caution that this will instill into currency traders of all complexions may reduce the volume of trading, and therefore produce a narrower and less readily accommodating market, but it will not universally be viewed as wholly out of place in the present difficult times.

## Forward dealings can be abused but system greatly benefits international trade

By Guy

ago the opponents claimed that the forward market would follow and cover would not be possible. In the claim earlier this year, *The Economist* that no properly operating forward market has the anti-snow been vindicated dealer's view that years the forward far from becoming able, have become the stage of those who with international and those involved in international trade. Much of the of the forward is misplaced, be emphasized too that primarily the forward dealing sound arithmetic.

Foreign exchange is not make quote use he is a computer

ive gambler with a reckless view on the future performance of any currency but because the rates are an accurate reflection of the current international interest rate structure. (Thus, for example, if one currency's interest rates are higher than another's then the first currency will be at a discount to the other in the forward market.)

It is evident that both foreign banks and private individuals have used the forward market for speculative purposes but that speculation in itself has had a minimal effect on the overall trading in the forward markets. It would be a great mistake if the abusing of the market were to result in a decline of the ability to deal forward.

The obvious solution would be for all central banks to limit the outright exposure which their domestic banks may take when estimating the currency against another currency, and indeed between two external currencies.

British banks have for many years been severely limited in their exposure so far as sterling deals are concerned and I expect that this control will be extended to cover "cross" currency (non-sterling) dealing.

In the environment of floating rates international traders have found it increasingly useful to use the forward markets as a means of covering their future currency commitments. Their profits margins are tight enough already without running an arbitrary responsibility of the finance director. Indeed, a large number of the multinational companies have now created their own foreign exchange dealing rooms to rationalize their currency requirements. The increasing complexity of commercial operators has in turn meant an improvement in the services which they obtain from their banks so far as both advice and competitive quotations are concerned.

These demands are not without dangers for the banks through whom they are dealing. For many years banks have been willing to provide this service to the customers' advantage and not only for such fairly short periods, as already implied, but for periods well in excess of one year forward and not only so far as sterling deals are concerned but also "cross" deals.

Long maturities and an increasing number of contracts raise the problem of a client's credit standing, and it is quite possible that the practice of banks requiring original and variation margin for forward contracts may grow rapidly. After all, and particularly in the wake of the Herstatt collapse, banks already undertake a rigid credit analysis of those with whom they deal in the interbank market.

The scope for entering into forward exchange contracts has always been considered greater than that available for lending funds to other institutions on the basis that liquidation would mean the negation of outstanding exchange contracts and therefore the potential loss was positioned to the cost of a cheaper rate than that indicated by the interbank market.

Occasions have arisen when those needing sterling for five years have found it easier and cheaper to borrow dollars, exchange those dollars into sterling and contract to repurchase the dollars forward rather than to bid for the funds in the interbank sterling market.

The facility of switching between different capital markets has been particularly important to the increasing number of companies which have negotiated rollover loans which at the maturity of each rollover have the right to decide whether to continue their borrowings in one currency or switch and borrow in another currency.

The growth of the forward market has presented central banks with the option of a new style of intervention. Forward intervention by central banks used to be merely a corollary of intervention in the spot market, an expression of confidence in the existing fixed parity.

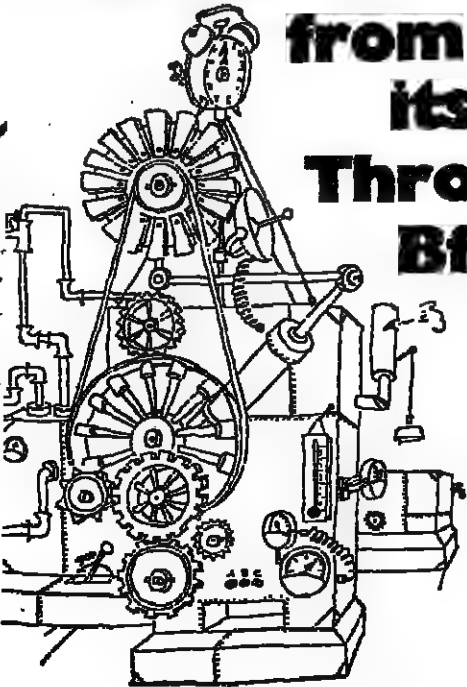
The Bank of England has recently shown that skilful intervention in the forward market resulting in the raising of the interest costs incurred through running bear positions of sterling can be as effective, if not more so, and indeed cheaper than the spot purchase of its own currency and the sale of reserves.

Other central banks will follow in this use of the forward markets.

Central banks, international trading companies and those involved in the capital markets may all take advantage of the expanding forward markets. The benefits are obvious. The abuse is self-evident but it is surely naive to have expected such a rapid expansion without some problems.

Outright forward positions have proved highly dangerous. Some danger has occurred encouraged by inexperienced dealers and brokers, though the overall contribution to the market by the

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## European bankers hostile to City's reputation

By David Blake

The emergence of London as the world's undisputed financial centre in the 1960s relied on a paradox. At the same time as Britain's ailing economy required more and more stringent exchange controls to help to cope with balance of payments problems, the international activities of the City were allowed to expand with considerable freedom by the Bank of England.

This expansion has caused a great deal of the latent hostility to London that is felt by some of the centres which have sought, and are still seeking to challenge it for the still unwieldy title of the financial centre of a united Europe. Bankers on the Continent have at times tended to feel that London has got where it has by adopting the attitude that "you can do what you like as long as you don't do it in such a way as to hurt us in Britain".

But there are deeper reasons why London has assumed such an important role in Eurocurrency and in general foreign exchange markets. Only the Swiss, apart from the British, were able to maintain any continuity in their banking business through the war. For both Germany and France, which had thriving if limited overseas operations before the war, the period which ended in 1945 was a time of destruction.

This meant that when the great Eurocurrency boom came along in the 1960s most continental banking systems lacked the skill to cope with it. This was partly due to lack of experience and partly due to other factors.

In the case of Paris, for example, the whole structure of French banking was generally inside the EEC. The centred far more on fulfilling the financial demands of long way to reassure the

French industrial expansion than on building up international business. This is no doubt at least to some degree explained by the fact that the country's three largest banks are state-owned and have been consciously used to build up French industry.

Although French balance of payments problems have on the whole been no more severe than those of Britain (and are now a great deal easier), the French have always been far more willing to impose restrictions on foreign exchange transactions than has Britain and have taken less trouble to separate the domestic market from international markets for the investment in France.

Last year, as Britain entered the EEC, there was a flurry of anxiety in Paris about the dominant role built up by London in international markets. The air was full of grandiose schemes for making Paris a major competitor to the City, with the full panoply of services. Somehow these do not seem to have come to anything.

Paris is still a fairly small-scale competitor and in the troubled state of the world's money markets probably feels rather less worried about this fact than it did. There is also no doubt that French ambitions to build up Paris as an important financial centre were at least in part associated with a slight sense of insecurity about how important a role the United Kingdom would play generally inside the EEC. The first 18 months have gone a long way to reassure the

French that Britain is not going to dominate it.

If the Paris foreign exchange market has suffered from too much regulation, the market in Frankfurt has probably suffered from too little. Until a few years ago West Germany had no foreign exchange controls at all. Foreign currencies could be bought and sold freely, and banks could engage in forward transactions on the market without notifying the Bundesbank.

Foreign currencies could be bought and sold freely, and banks could engage in forward transactions on the market without notifying the Bundesbank.

Although the lack of restriction has allowed Frankfurt to expand its foreign exchange activity rapidly in the past few years, it has also increased the risks. This has been particularly true since the introduction of a system of floating exchange rates, which leaves speculators in foreign exchange markets at risk to lose large sums of money if they take part in large-scale transactions.

Floating rates have resulted in a much larger turnover in foreign currency markets, and German banks have been among the leaders, gaining some disapproval from the Americans, for example, in the process. For some of the big members of the German banking community the foreign exchange markets have brought much needed earnings at a time when the domestic banking scene was difficult. But for others they have resulted in heavy losses, and for one, Herstatt of Cologne, in bankruptcy.

The collapse of Herstatt, brought about by large foreign exchange losses, has cast a pall over the whole foreign exchange market in

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## Floating rates demand finer judgment

by Tim Congdon

Foreign exchange markets have recently been in a state of turmoil. Fluctuations in rates have been large, while there has been an occasional tendency for the spread between buying and selling quotations to widen substantially. Dealers have frequently expressed surprise at the size of movements in one trading session and it has become increasingly difficult for ordinary commercial customers to predict future changes in rates.

The main reason for this has been the almost universal abandonment of fixed exchange rates. Several institutional adjustments followed this change. Banks in London, as in other financial centres, became more concerned with their foreign exchange operations and a number committed themselves extensively in the forward markets.

Greater resort to the forward markets was a natural accompaniment to floating rates. Companies entering into commitments several months in advance wished to avoid undertaking too

many risks and it was inevitable that they would try to arrange a price today which would be acceptable when payment became due.

Unfortunately there were drawbacks to the expansion of forward dealing. In present conditions central banks have not abandoned a residual right to intervene in the markets to prevent the exchange rate deviating too far from the levels considered suitable for domestic economic policy. The danger remains, therefore, that intervention will be erratic or "dirty". Well grounded commercial judgment may prove incorrect because of the authorities' actions.

The first major example of this was in 1973, when the United States devalued the dollar for the second time. This came as a blow to most operators in foreign exchange markets and several banks, which had expected the United States Treasury to put up a stouter resistance to transient pressures against the dollar, lost money. According to Mr Geoffrey Bell, a director of Schroders International and an expert on foreign exchange matters, this may have

caused some banks, if not to withdraw altogether, at any rate to participate less actively in the markets. This reduced the number of buyers and sellers and meant that fluctuations became sharper.

In these circumstances some European banks were tempted to increase their operations. The greater caution of the American and British banks was offset by the greater involvement of the West German and Swiss concerns. However, this was taken too far in some instances and the recent collapse of the I.D. Herstatt Bank has caused some reassessment of priorities by continental financial institutions.

The two main restrictions have been imposed by banks themselves. The first is that the directors have decided that only a particular proportion of their funds should be available to the foreign exchange department. This has long been traditional practice with merchant banks in London and is one of the reasons why they have not been badly hit by recent developments.

The second is the placing of a limit on the maximum size of any single deal. This is also traditional practice, but now it is having to be observed more scrupulously than before. The new conservatism has affected the forward market more than the spot market. Deals in excess of \$10m are found only in the dollar, the Deutsche mark, sterling and the Swiss franc. The forward markets for French francs and Italian lire are almost non-existent.

Floating rates have also caused changes in the internal organization of banks and foreign exchange dealers. There has been little change in the administrative load on foreign exchange departments, because rates altered under the fixed exchange system if they were within a narrow band than today. Electronic calculators are also now more readily available.

The more important change is the greater significance attached to forecasting future rate movements. Before 1971 it was vital to know either the rate would be devalued or stay at the same level. The possibility that the rate might be adjusted upwards simply did not arise.

Today it is much more rare for observers to be able to say that the rate will move in one direction and one direction only. The situation is double-edged and the task of predicting future developments more problematical.

A good example is provided by recent swings in the pound. At the beginning of this year the rate hovered between \$2.15 and \$2.25 for several weeks. This was interpreted by some West German and Swiss banks, rather simplistically perhaps, as a sure sign of continuing sterling weakness and they made commitments to sell the pound at this level some months later. But, buoyed up by heavy inflows of Arab funds, the pound did not move lower. On the contrary it picked up to \$2.40 and above. The banks have lost a great deal of money.

The lesson here is that the situation before 1971, where currency speculation was a one-way bet, has passed away for ever. It was easy to assume that the pound would be the eternal invalid of the currency scene, but this proved incorrect.

The difficulties of forecasting future movements have meant that economic advice has been sought increasingly. Most of the merchant banks now have distinct economic intelligence units and one of their main functions is to keep the foreign exchange department fully informed about the background to currency trading. The clearing banks also are having to pay much more attention to international trends and financial news.

A number of other recent changes have affected foreign exchange departments. Entry into the European Economic Community has made it much easier to transfer capital to European countries. The expansion of the Eurodollar market has also increased business because it opens up a number of new arbitrage possibilities which frequently involve switching from one currency to another. One result of the greater internationalism of business generally is that it has become worth while for banks to have branches in several countries. There has recently been talk—rather casual and unspecific—of international banking mergers. The advantages are obvious. It would be feasible for a company to borrow pounds in Britain, francs in France and lire in Italy, all from the same bank, without the need for a new check on creditworthiness.

### European bankers hostile

continued from preceding page

Germany. Most estimates suggest that turnover is at present running at only between 10 per cent and 15 per cent of its level before the recent collapse in June. Banks

by Peter Clayton

In writing of the part played by the money broker in the foreign exchange market, it is necessary to look at the market itself. As with most matters of national economics, the 1933-45 period proved to be a watershed. Up to 1939 the influence of London was based on the banking skill which the United Kingdom had gained from financing the extension of the old British trading empire.

Since much of the trade in world commodities was still carried out in London, the discounting of the paper which financed such trade was also carried out there. Where exchange of currencies was required, this too was effected in the money brokers' offices. Money brokers offered a service to assist in this business.

Just before the outbreak of war in 1939, these brokers were nearly all small in numbers employed but quite a large number of separate companies existed. During the war some of them worked in the Bank of England, often helping in the work associated with exchange control, but after 1945 the brokers started up again and gradually grew larger in line with the market itself.

As exchange control regulations were relaxed, so the business of foreign exchange became more extensive. Europe particularly had the enormous tasks of rebuilding cities and industry. This needed large amounts of capital, some of which was provided by central banks and some by the international banking community. The American dollar had become more important than ever in the development of Europe's economics and naturally the United States dollar became the dominant currency.

Gradually there grew up a market in dollars which was held to the account of non-residents of the United States and were therefore freely convertible. These dollars became known as Eurodollars and this market has become the central unit of account by which currencies are judged.

The growth of Eurodollars was a great boost to London as a money centre. American banks particularly set up in the City and they have been the most important group so far as Euro-dollar deposit trading has been concerned. At the same time European and other banks came to London so that today there are about 300 names dealing in the London market, making it the most important centre in the world for foreign exchange and currency deposit business.

In line with this growth, there has been a similar expansion of money brokers. These companies are in general banded together under the title of the Foreign Exchange and Currency Deposit Brokers Association which works with the banks through the Foreign Exchange Committee under the eye of the Bank of England.

A major problem as a result of the huge growth of this business has been the lack of trained staff for both banks and brokers. It is difficult to say exactly how long the necessary training would take since so much depends on the adaptability of the trainees, but most professionals would agree that at least a year or two is required before much skill or knowledge would be gained.

For a time this lack of sufficient background knowledge of the business had been obvious. Some would even say that part of the cause of the present problems is due to inexperience in handling foreign exchange and deposit positions. However, it is too easy to make such judgments with hindsight.

The role of the money broker is to act as a sounding board for his client by informing him of

the bids and offers for deposits in the market or the rates of exchange, one currency against another, both spot and forward. Often the client will not wish to deal but just to check the market. However, when he does wish to do some business the main use of a broker comes into play. This is in saving his client time by knowing exactly where the counter party for his business might be found.

At the same time, the broker protects the identity of his client as it is only when the deal is about to be closed that names are passed. If the principal were to try to do all of his business directly with other principals, it would mean a large element of hit and miss before he found the correct other side for his deal. If, as often happens, the rates are moving rapidly he may not get the deal done at the rate he wanted because by the time he has found the other half to the transaction, the whole market could have moved against him.

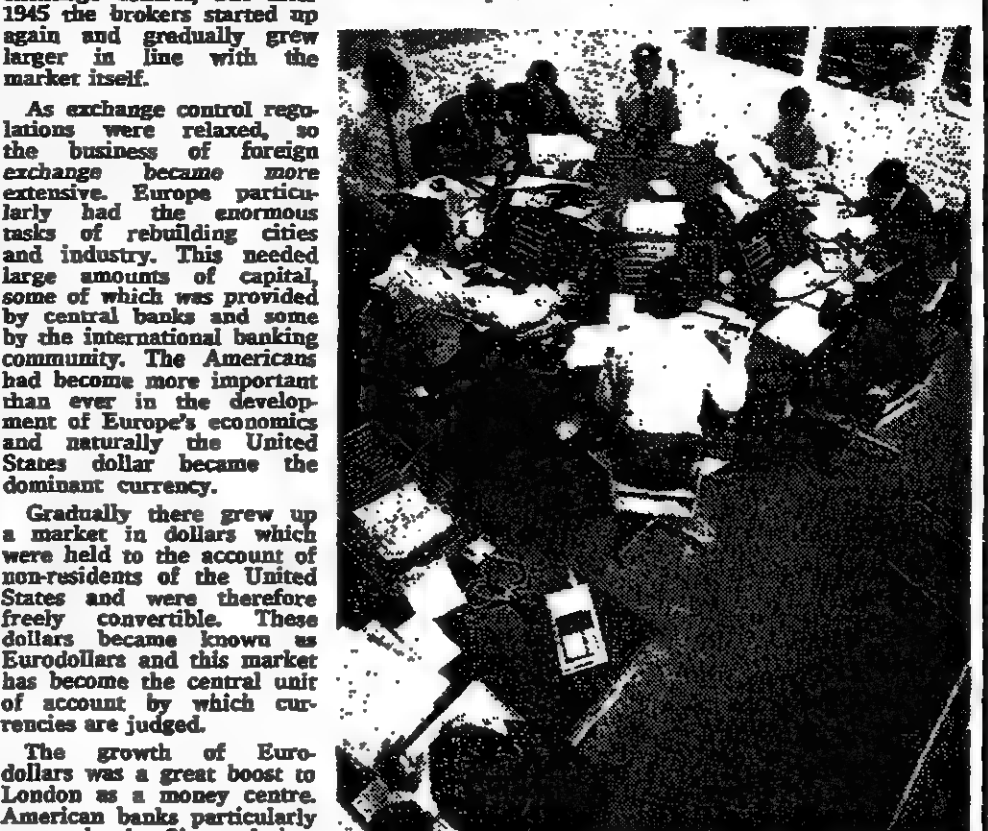
At the same time, if he tries to deal directly he can be read by others in the market and his own endeavours could push the rate

against him. Thus the broker has a special role to play but it does not mean he has a monopoly. Many deals are done direct in deposits and it is this flexibility which enables the banks and brokers to appreciate the position and value of one to the other.

The British money broker has spread his influence especially during the last five years, so that now the major banking companies in London have offices in Europe, the Middle East, the Far East and North America. Many major centres in other countries can see that for both national and international reasons it is beneficial to have a properly organized money market.

Recently all the world's money markets have been under heavy strain. The task of the money broker in foreign exchange markets has suddenly become much more difficult because many banks are tending to reduce credit limits and the broker finds too often that his price is right but his name is wrong.

Such a situation requires a large measure of understanding between the



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## British money broker spreads his influence

by Peter Clayton

In writing of the part played by the money broker in the foreign exchange market, it is necessary to look at the market itself. As with most matters of national economics, the 1933-45 period proved to be a watershed. Up to 1939 the influence of London was based on the banking skill which the United Kingdom had gained from financing the extension of the old British trading empire.

Since much of the trade in world commodities was still carried out in London, the discounting of the paper which financed such trade was also carried out there. Where exchange of currencies was required, this too was effected in the money brokers' offices. Money brokers offered a service to assist in this business.

Just before the outbreak of war in 1939, these brokers were nearly all small in numbers employed but quite a large number of separate companies existed. During the war some of them worked in the Bank of England, often helping in the work associated with exchange control, but after 1945 the brokers started up again and gradually grew larger in line with the market itself.

As exchange control regulations were relaxed, so the business of foreign exchange became more extensive. Europe particularly had the enormous tasks of rebuilding cities and industry. This needed large amounts of capital, some of which was provided by central banks and some by the international banking community. The American dollar had become more important than ever in the development of Europe's economics and naturally the United States dollar became the dominant currency.

Gradually there grew up a market in dollars which was held to the account of non-residents of the United States and were therefore freely convertible. These dollars became known as Eurodollars and this market has become the central unit of account by which currencies are judged.

The growth of Eurodollars was a great boost to London as a money centre. American banks particularly set up in the City and they have been the most important group so far as Euro-dollar deposit trading has been concerned. At the same time European and other banks came to London so that today there are about 300 names dealing in the London market, making it the most important centre in the world for foreign exchange and currency deposit business.

In line with this growth, there has been a similar expansion of money brokers. These companies are in general banded together under the title of the Foreign Exchange and Currency Deposit Brokers Association which works with the banks through the Foreign Exchange Committee under the eye of the Bank of England.

A major problem as a result of the huge growth of this business has been the lack of trained staff for both banks and brokers. It is difficult to say exactly how long the necessary training would take since so much depends on the adaptability of the trainees, but most professionals would agree that at least a year or two is required before much skill or knowledge would be gained.

For a time this lack of sufficient background knowledge of the business had been obvious. Some would even say that part of the cause of the present problems is due to inexperience in handling foreign exchange and deposit positions. However, it is too easy to make such judgments with hindsight.

The role of the money broker is to act as a sounding board for his client by informing him of

the bids and offers for deposits in the market or the rates of exchange, one currency against another, both spot and forward. Often the client will not wish to deal but just to check the market. However, when he does wish to do some business the main use of a broker comes into play. This is in saving his client time by knowing exactly where the counter party for his business might be found.

At the same time, the broker protects the identity of his client as it is only when the deal is about to be closed that names are passed. If the principal were to try to do all of his business directly with other principals, it would mean a large element of hit and miss before he found the correct other side for his deal. If, as often happens, the rates are moving rapidly he may not get the deal done at the rate he wanted because by the time he has found the other half to the transaction, the whole market could have moved against him.

At the same time, if he tries to deal directly he can be read by others in the market and his own endeavours could push the rate

against him. Thus the broker has a special role to play but it does not mean he has a monopoly. Many deals are done direct in deposits and it is this flexibility which enables the banks and brokers to appreciate the position and value of one to the other.

The British money broker has spread his influence especially during the last five years, so that now the major banking companies in London have offices in Europe, the Middle East, the Far East and North America. Many major centres in other countries can see that for both national and international reasons it is beneficial to have a properly organized money market.

Recently all the world's money markets have been under heavy strain. The task of the money broker in foreign exchange markets has suddenly become much more difficult because many banks are tending to reduce credit limits and the broker finds too often that his price is right but his name is wrong.

Such a situation requires a large measure of understanding between the



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## Overseas banks find status is costly

by Christopher Wilkins

Business is turning sour on Britain's foreign banking community. Many of the banks which rushed headlong into London as it emerged as the world capital of international banking are now seriously asking whether they ought to go home again.

Such questioning is not new. It was to be heard during 1972 and 1973 as well. But that was before Britain ran into its fringe bank and property crises and before the more recent retrenchment in the foreign exchange and Eurocurrency markets. With such additional problems to cope with, only the matter of prestige can be keeping some of the banks here.

Far from an outward trend developing, however, the direction is still towards yet more banks opening in London, albeit at a much more subdued pace than during the past decade. In 1960, the foreign banks in London numbered 77. By 1970 there were more than twice that number and by the end of last year the total had risen to about 230 banks directly represented. A further 50 were indirectly represented via shareholder interests in consortia banks. Since then several more banks have opened up.

With such a glut of banking capability in one financial centre it was only to be expected that some would find the competitive pace too hectic to justify the heavy cost of maintaining a presence, particularly in the cases of those banks which chose to mount expensive branch operations. Most of the banks wanted prime locations at close to the Bank of England as possible, and as a result such pressure has been brought to bear on rents within the Square Mile that they are now among the world's highest.

Ten years ago office space was available in the City for about £3 a sq ft. Now it is reckoned that rents for good quality banking premises are in the region of £20 to £25 a sq ft—although this can vary widely with proximity to the Bank. In the case of banking halls rents are even higher, recent estimates for prime space being as high as £40 to £50 a sq ft.

Other costs have also been soaring, not least that of housing bank executives in some of London's most expensive residential areas. Against this, however, the tax, up by 25 per cent last year, was raised by a further 4 per cent in the March budget, when the Government also unveiled proposals for a major increase in the levels of personal tax on foreign nationals resident in Britain.

Subsequent modifications to these plans have not done much to ease the blow. At the same time, foreign banks have been finding that much of the business which justified establishing a London operation in the first place has become progressively more difficult and less profitable.

A number of foreign banks, for instance, have been caught badly in the shake-out of British property values, many having extended substantial loans to property developers during 1972 and 1973 when values were hitting a peak from which they have since fallen. Others have suffered heavily from trading in the Eurobond market.

More recently, they have suffered from the halving of foreign exchange business as speculators pulled out of the market in the wake of a series of disastrous banking losses. The most crucial problems, though, have arisen in the medium-term lending side of the Eurocurrency market. Its development since the mid-1960s, centred mainly in London, has been the main reason both for the influx of the foreign banks and, latterly, for their discomfort.

As the rush to participate in this expanding market gathered pace, however, the competition between banks to lend at a time when deposits were freely available resulted in borrowers forcing down the interest rate spreads they paid over interbank rates—the rates at which the banks themselves could raise deposits. During 1972 and 1973, spurred on by a massive increase in Japanese banks' participation in the market, the spreads to many of the better risk borrowers came so low as to leave little meaningful profit after overheads. Even risk-averse high-risk borrowers were successful in raising funds at ever lower spreads.

The inevitable outcome was that although the scale of business transacted continued to grow at a hectic pace, profit margins came under pressure. Governor Brimner of the Federal Reserve Board made the point explicit last year in a study which showed that the London branches of American banks in 1972 achieved a lower return on assets than the home operations and hence were a drag on their parents' profitability. With that respect 1973 was a tougher year still.

But one major manufacturer reports the use of a computer as a management science aid for spotting complex arbitrage situations where dealings are separated by time, distance and interest rates. The overall picture that emerges is one of a market which not so long ago was using nothing more complicated than telephones and pieces of paper but which is now turning to some of the most advanced telecommunications and automation systems to be found in any area of commerce.

Accounts or the settlement of international payments. But it still provides a communications medium through which these operations could be accomplished automatically, and this has prompted both individual banks and computer specialists to design computer systems to take care of additional aspects of foreign exchange operations.

Most of the present wave of automation in the foreign exchange market is geared to increasing the efficiency of communications, accounting and payments handling. Scheduled to start at the end of 1976, the Swift network will replace traditional methods of handling international payments by mail and telex. Its system of connecting international communications lines will be based on two major switching centres in Amsterdam and Brussels together with message "concentrators" in 12 national communications centres.

Logica, the United Kingdom telecommunications firm which has been responsible for the design of the network, says that banks will have access to Swift through public telex terminals, through Teletype units or by computer. The network will then be able to service the wide range of banking organizations among its subscribers. Although not every bank is a member of Swift, its designers maintain that well over 90 per cent of all foreign exchange traffic will be handled by the network.

The communications system is designed to cope with 23 messages each second, but this can be increased as the system grows and it is estimated that by 1980 250,000 messages could be dealt with every day. To make maximum use of such a powerful communications medium, it is important that a standardized method of communications is established so that all subscribers use the network in the same way. Detailed agreement has been reached for sending details of customer transfers and bank statements and agreement is also imminent on a standard for foreign exchange confirmations.

It is important to note that Swift is not intended to be a dealing system. Although the network is being designed to carry large volumes of traffic, it uses the store and forward technique in which messages are held in the system until the destination terminal is accessible. In this way, banks equipped with a wide variety of terminals using different speeds of operation can communicate with each other, and messages can still be transmitted even if the destination terminal is busy. A dealing system, on the other hand, would require the immediate responses of an interactive system.

With such a large communications potential, Swift's designers say that it is important for each subscriber to automate as many aspects of his own operations as he can to get maximum benefit from the network. However, Swift provides no data processing power except that needed to operate the store and forward communications system, so the network cannot handle the reconciliation of customer

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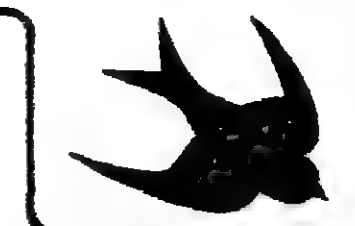
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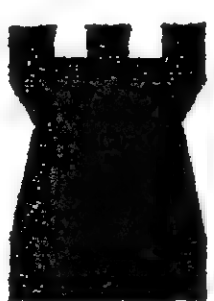
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## French ease capital investment curbs

Paris, Aug. 19.—Regulations governing investments by French residents abroad or foreign investors in France have been relaxed to allow transactions up to specific amounts without prior official authorization, the *Official Journal* states today.

In the case of French investments abroad, transactions concerning purchase or sale of interests may be made for up to a total of 1m francs (about £84,000) a year for each foreign company affected by the investment.

French investors may conduct a number of operations affecting separate foreign firms without prior authorization, providing the individual amounts concerned do not exceed the stipulated figure. However, total investment by French interests in a foreign firm cannot exceed 1m francs without prior French authorization.

Regarding foreign investments in France the total amount of the investment must not exceed 2m francs per annum per French firm affected if prior authorization is to be waived.

Foreign investors are able to conduct a number of such operations concerning different firms but individual French firms remain subject to the 2m franc limit.

The ruling governing foreign investments in France is restricted to a specific list of transactions. In addition, such investments must be financed through sale of foreign currencies or through use of a non-resident bank account.

## Cold weather puts corn harvest a week behind

Cold weather and rain has put Britain's corn harvest about a week behind, according to the Ministry of Agriculture's weekly crop report.

Some deterioration in the quality of wheat and blackening of ears has been reported from the South-west, South-east and East of England.

The winter barley harvest is practically complete and should show an average yield. But with the spring barley harvest delayed by rain there are reports of damage by lodging and secondary growth.

Delay could also mean that some spring barley crops could come to harvest at the same time as winter wheat, causing peak time work for farmers.

In the upland and hill areas of the South-west and Wales, hay-making continues to be difficult and prolonged. The quantity of hay available next winter will be below average and quality is low.

## Shortage of diesel engine parts opens way for truck importers

By Clifford Webb

A serious shortage of diesel engine pistons and rings is restricting production of commercial vehicles at a time when British motor manufacturers are attempting to stave off the biggest-ever "invasion" of their home market by imported trucks.

These imports have expanded by 50 per cent in the past six months.

The shortage is so acute that these components are being imported from Germany, France, Brazil, Mexico and the United States. Purchase teams are also trying to negotiate supplies from Eastern Europe and Japan.

Mr Ron Ellis, managing director of British Leyland's truck and bus division, told *Business News*: "The piston situation is quite desperate. It is causing a bottleneck in diesel engine assembly which in turn restricts the number of trucks we can produce."

"We are losing sales to imported trucks simply because we cannot deliver the goods. I am bringing in some piston supplies from Germany, but not enough to fill the gap."

A spokesman for Perkins, the big Peterborough diesel engine manufacturer, said last night: "We are desperately short of pistons and rings, with pistons the more critical of the two. This is holding up production of some types of engines."

"We are now importing pistons from Brazil and France and rings from France, Mexico and the United States. We are actively developing additional sources in Germany and the United States and investigating the potential in Poland and Japan."

Associated Engineering—through its Wellworthy subsidiary—had a near monopoly of diesel piston and ring supplies and completely against the trend of recent years, which has seen tyre companies battling to obtain direct control of the replacement market.

Although all manufacturers sell rival products in their retail outlets they place special emphasis on their own brands by offering bigger discounts.

Mr Derek Peaker, deputy managing director of ATS, said last night: "This will substantially increase our share of the retail market and is in line with our policy of continued expansion."

## Uniroyal sells UK tyre outlets for £1.5m cash

By Clifford Webb

Uniroyal, the American tyre and rubber group, are pulling out of the United Kingdom retail tyre market. The company announced last night that they are selling their 61 retail tyre outlets to Associated Tyre Specialists, the Michelin subsidiary, for £1.5m in cash.

The deal will increase ATS's retail chain to 330, making it the second biggest in the country, ahead of Goodyear. Dunlop still the market leaders, with around 470 outlets.

The Uniroyal move had been expected for some time. There have been a number of reports that the group was becoming dissatisfied with the performance of its British tyre stores.

It is thought they would like to switch the investment

to a more profitable venture. Against a background of depressed tyre sales such a move has much to commend it.

Nevertheless, the sale of an entire chain is an important departure for a tyre manufacturer and completely against the trend of recent years, which has seen tyre companies battling to obtain direct control of the replacement market.

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## Greenwells see recession as almost inevitable

A serious recession now almost inevitable. This was the main conclusion of yesterday's *Monetary Bulletin*, published by W. Greenwell & Co, the respected firm of stockbrokers.

Greenwell argues that the sharp increase in the money supply in August was attributable to special factors and does not foreshadow a change in monetary policy.

The bulletin was also critical of the Bank of England's policy of gilded sales. It pointed out that the public sector was currently borrowing considerably more than it needs from the private sector. In this way it was "preempting finance that is desperately needed by the private sector itself."

## Business appointments

### Sir Denys's successor at Trust and Agency

Mr G. L. C. Touche has been appointed chairman of Trust and Agency, a director of Bimblex Industries.

Mr John Swanborough, managing director of Avon, and Mr Alan Craig have been appointed as additional directors of BFD Group.

Mr Keith Summerfield, director of the British Gas Corporation's international consultancy service, has been appointed by the corporation as deputy chairman of its East Midlands region "Engage".

Sir Anthony Percival has been named chairman of Fisheries Development, a member of the Aulthorpe Latham Group.

Mr J. E. Engledev has been named managing director of Rascal Slough Ltd. He succeeds Mr D. A. Webb who was recently promoted deputy chairman.

Mr R. A. Gibb is now marketing director of Barry Staines.

Mr S. F. Buckland has joined Bank of America International as a senior manager in charge of money operations.

Mr T. W. Hudson has been appointed chief executive of Hampton Trust.

Señor Antonio Araujo has been appointed managing director of Turavia International Holidays.

Mr Charles E. Williams has been named as First National City Bank's representative in Norway.

Mr David Scobie, a director of Kentwell and formerly general manager of the firm's woodwork and dry rot division in Scotland, has become director in charge of the division's services throughout the United Kingdom.

Two new board appointments announced by Kings Town Engraving Co are: Mr D. Everett as works director, division 1; and Mr R. T. Parker, works director, letterpress.

## Motor trade turnover up 11 pc in June quarter

By Edward Townsend

Britain's motor dealers and garage owners are experiencing some recovery in trade since the period of depressed sales noted at the start of the year.

According to figures released yesterday by the Department of Industry, total turnover in the motor trades in the second quarter of the year was 11 per cent up on the same period of 1973.

Sales of new vehicles in the three months to the end of June, however, were only 4 per cent higher than a year earlier while used vehicles sales rose by just 2 per cent.

The increased turnover came from sales and receipts of other items, including petrol, oil, tyres, spares and accessories, servicing and repairs. These pushed the total up by 22 per cent, mainly reflecting the higher cost of petrol and oil.

## BAT subsidiary invests in Brazil pulp mill project

British American Tobacco's Brazilian subsidiary is to have a major stake, possibly rising to almost a third, in what will be the world's largest pulp mill.

A total investment of \$340m (about £142m) is planned and the development, which will provide 2,000 jobs, includes the mill, a residential village, roads, harbour and water facilities on a site in Espírito Santo, 250 miles north of Rio de Janeiro.

Annual output is expected to be about 400,000 tons when the mill is in full operation early in 1977. The mill should yield receipts, according to BAT, of \$140m a year.

A forest of 80 million eucalyptus trees within a radius of 20 miles of the proposed mill will be used as raw material.

## LETTERS TO THE EDITOR

### Historic movement among engineering institutions

From F. A. Sharmar

Sir, News is filtering out of historic moves by the three "big" engineering institutions. At long last the talk is of forming a single body, in which all engineers would enroll, and which through the medium of the present learned societies and other bodies would ensure that all the needs of the individual in his professional capacity would be met.

Clearly this could be an enormous advantage for the engineers themselves. Instead of 15 different chartered institutions (civil, electrical, mechanical, chemical and so on), loosely bound together by the Council of Engineering Institutions, partially, obscurely and fragmentarily representing perhaps 200,000 individuals whose minimum qualification is equivalent to a university degree, there could be one great, strong, rich cooperative enterprise, comprehending up to 500,000 people on whose careers the whole of British engineering rests.

The benefits of size and recognizable identity can soon be seen by the potential members to be overwhelmingly greater than the difficulties of the institutions with the protecting skirts of this long overdue treaty of fraternity.

Can the same enthusiasm be expected from outside the profession? "Employers" equally with trade unions will look suspiciously at so potentially strong an entity. To the man in the street, it would seem that yet another power base is about to appear, another conspiracy against the laity, another pressure group from which technologists can ensure that technology works for their own benefit. Even if all these suspicions are entirely groundless, it will seem in many people's interests to magnify them.

The key to the whole situation is the credibility of professional motivation. If it is not believed that engineers feel a loyalty towards the excellence, public usefulness and safety of what they produce, they will be degraded into the soulless slaves of the money market that many people already believe them to be. A better prospect is in sight, and if the profession is seen to be rising to the occasion, it will deserve the sympathy of the public and the active help of the Government.

Yours faithfully,  
F. ANDREW SHARMAR,  
Chairman,  
The Engineers' Guild,  
Newcomb House,  
47 North Hill Gate,  
London, W11.

### Reasons why shops won't show VAT cuts

From Mr M. J. Oakley

Sir, Your reporter Diana Codd today complains that most shops "still" show little VAT cuts, and obviously expects them to do so soon. They will not, and for very good reasons.

1. The overwhelming bulk of shop goods are already at or below the manufacturer's recommended prices. Retailers are under no further obligation whatever to cut, or even maintain, the price of any particular items on which the VAT cut is reduced an odd halfpenny other than the penny saved directed at anyone who attempts to improve his livelihood in face of inflation.

2. VAT has imposed upon distributive trade hours of work, yet increasing profits compensate has been especially prohibited. Perhaps Geddies, who appears to have checked only a handful of shops in a week, would like to change millions of price tickets overnight, without remuneration, after already working a normal day. If retail possessed anything even resembling a trade union (as distinct from the self-appointed representatives of the Retail Consortium), no situation would be tolerated.

3. Some manufacturers concentrated their reducing onto a few lines, leaving majority unchanged. This is very well, and some of us actually managed to negotiate the details to their accounts customers in the days available. At the other of the scale there are small businesses whose source of manufacturers' recommended prices is the guide published once a month and who otherwise know little about what such prices really are as the press public.

4. Inflation of present proportions involves price increases of anything up to 10 per cent at a time, but the ferocious competition in grocery trade that is the weeks or months before Christmas on non-perishables effect. Many businesses will be passing on the 2 per cent, or more, simply by issuing the old price tags extra week. It is understood that anyone running a business will have no room for accurate quantification of this effect, or for long explanations to people on the spot.

5. The imposition, with warning of VAT on contact every earlier this year, along with a shortage of packaging resulted in many items being too low a price on their own for several months. As who valued his custom was to charge more than the price, and retailers will be the latest alteration as a better opportunity to recoup some of the legitimate profit of what they had earlier been deprived of.

I recall hearing Mr. Bankford expect that 10 per cent of 2 per cent would be passed to the cost-of-living index. I shows once again how little Government understands workings of the retail trade.

Yours faithfully,  
M. J. OAKLEY,  
168 Albert Road,  
Stechford,  
Birmingham B33 8UE.

### The only crime of small banks

From Mr Brian D. Waters

Sir, It would seem from Ian Morrison's concluding article in his survey of financial institutions (Aug 6) that while he defends the existence of small institutions in the banking field, his supporters the view that they should not be "graced" with the title of bank. Surely he does not accept that the competence and proper prudence, which should attract itself to bankers, declines in proportion to the size of the banks' capital and reserves.

The only crime committed by the vast majority of our small banks is that of being small, and because of this they find themselves grouped under the same umbrella as the foreign exchange gamblers and high risk lenders of the Bankhaus ID Herstatt and Franklin National UK.

### Where are our manufacturers?

From Mr K. Dawson

Sir, On return from a short shopping expedition last Saturday, conducted in that most English of townships, Watford, my wife and I were staggered to discover that a list of our purchases, bought completely at random, read as follows:

Item	Country of Manufacture
1 shirt	Holland
1 pair man's trousers	Holland
1 pair jeans	Portugal
1 belt	Canada
1 pair shoes	Spain
1 pair sandals	France

Italy  
Pakistan  
This may not be a record although one may be entitled to hope that it is in the light of the country's adverse balance of trade situation. It is pertinent to ask however, what our domestic manufacturers are up to, neglecting on this evidence what I would have assumed to be a large and easy home market in basic consumer goods.

Yours faithfully,  
K. DAWSON,  
11 Little Hill,  
Long Lane,  
Chorleywood, Herts.

### Intolerable daily fumigation

From Dr Ronald J. Hill

Sir, It is highly reassuring to those of us who find the constant fumigation of daily existence intolerable?

RONALD J. HILL,  
203 Church Lane,  
Scunthorpe,  
South Humberside.

### INTERIM STATEMENT

## J. Bibby & Sons Limited

Interim Report for the 26 weeks ended 29th June, 1974

	26 weeks to 29th June, 1974	26 weeks to 30th June, 1973	52 weeks to 29th Dec., 1973
	£'000	£'000	£'000
Sales	63,299	67,501	145,950
Profit before taxation	509	1,284	2,329
Profit from trading activities attributable to parent company shareholders	292	626	1,230
Dividend	1.4%	1.4%	4.482%

Notes

1. The 1974 figures exclude the results of Cip-Zoo S.p.A. in which the Company's 53.3 per cent interest has been sold with effect from 1st January, 1974.

2. An extraordinary loss amounting to £488,000 net of tax where applicable is excluded. The major part of this loss consists of the loss on the sale of the Company's holding in Cip-Zoo S.p.A. including the winding-off of the premium paid on acquisition of the holding.

### Extracts from Mr. J. B. Bibby's statement to shareholders:-

The Group's trading results reflect the fact that many livestock farmers in the U.K. are now operating at a loss. Unless the present critical situation of the U.K. livestock industry can be retrieved, we expect the profits of both the Feeds and Seeds Division and the Farm Products Division in the second half of the year to be substantially lower than in the corresponding period of 1973.

The Edible Oils Division should make a profit for the year as a whole similar to that of last year and we expect our papermaking subsidiary, Henry Cooke Limited, to show a substantial increase in profit.

For the Group as a whole, profit for the full year will be lower than in 1973. Nevertheless, your directors remain confident in the Group's underlying strength and in view of the very good dividend cover which has previously obtained, feel justified in declaring the same interim net dividend—1.4 per cent—as last year.

Your Board took the decision to sell the Italian investment as part of its policy of concentration in areas of more satisfactory return. The Italian trading environment has been erratic for some considerable time and we believe that your Company will benefit from concentrating on consolidation and growth in the United Kingdom broadly within the four major divisional activities it retains.

J. Bibby & Sons Limited,  
Richmond House, 1 Rumford Place,  
Liverpool L3 9QQ.

This announcement appears as a matter of record only

# NESTLE OY

## \$60,000,000

Eurodollar Term Loan  
Unconditionally guaranteed by the  
**Republic Of Finland**

and provided by  
**Manufacturers Hanover Trust Company**  
and  
**Morgan Guaranty Trust Company**

in cooperation with  
**Kansallis-Osake-Pankki**

## HAROLD INGRAM LTD.

Substantial growth expected

Our 5th year as a public company has shown a good rate of growth and had we not had supply problems during the first half and the short working weeks in the second, the results would have been considerably better.

There would have been a substantial increase in dividend had there been no Government restrictions.

A pilot scheme has been set up to test the children's knitwear field. Initial reactions are favourable.

The value of orders in hand for the autumn season is the greatest in the history of the company and I see no reason why substantial growth should not take place in this half year.

Harold Ingram, Chairman

	1974	1973
Profit before tax	£730,445	£577,351
Profit after tax	329,399	331,021
Earnings per share*	10.6p	10.7p
Dividends per share†	2.22p	2.07p

\*basic  
†net

Harold Ingram  
designers & manufacturers of knitted garments

## HAT GROUP LIMITED

specialist sub-contractors to the building industry

### A year of rapid progress

Results for 12 months to 28th February:	1974	1973
Turnover	31,334	18,047
Profit before tax	2,011	1,270
Tax	819	367
Profit after tax	1,192	903
Profits retained	1,033	752
Earnings per 10p ordinary share	7.7p	6.4p

(adjusted for corp. taxes)

In his annual report to shareholders the Chairman, Mr. A. C. V. Telling says:-

"Our forward order books are larger in total than ever before."

"Unless the Government destroys the pent up industrial and economic power of this country by practising unproven ideological theories our trading profit in this current year could well be the highest in our history."

Copies of the annual report may be obtained from  
The Secretary, HAT Group Limited, 3 & 5 St. Pauls Road, Bristol, BS8 1LY.

## HAW-BROOK

(Independent financial advisers)

Are pleased to offer a specialist financial and portfolio service for interested clients in international Diamond markets. Minimum investment level £10,000.

For confidential information Haw-Brook Financial Services Limited, 77 New Bond Street, London, W.1. 01-493 3321/2/3.

## Question Woolw

J. Bibby & Sons Limited

Business Diary

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